Dissertation On

APPLICATION OF THE DOCTRINE OF LIFTING THE CORPORATE VEIL A COMPARATIVE STUDY BETWEEN USA, UK & INDIA

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Submitted by:
DHURJATI PRASAD DE
Enrolment Number: 2321215005010
Registration Number: 230050104364
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Under the Guidance of:
PROF. SUDIPA MAZUMDER
(Assistant Professor, School of Law)
Sister Nivedita University

DEPARTMENT OF LAW
SISTER NIVEDITA UNIVERSITY
2025

SISTER NIVEDITA UNIVERSITY
DG Block,1/2 (New Town), Action Area 1, Kolkata 700156
Phone: + 91- 7595044470, 75950444709, 830653112
Official website: https://snuniv.ac.in
Email: info@snuniv@ac.in

CERTIFICATE

This is certify that the Dissertation titled **"Application of the doctrine of lifting the corporate veil a comparative study between USA, UK & India"**, has been submitted by **Dhurjati Prasad De,** bearing Enrollment ID No: 2321215005010, Registration No: 230050104364 for partial fulfillment of the Degree of Master of Laws (LL.M.) from Sister Nivedita University under my guidance . It is his original work and may be placed before the examiners for evaluation.

This research work has not been submitted for the award of any other degree of this University or of any other University.

Sdmazumder 17.05.25

SUDIPA MAZUMDER
Assistant Professor
School of Law(SNU)

Date:
Place: Kolkata

DECLARATION BY THE STUDENT

I hereby declare that the work which is being presented in this dissertation entitled "Application of the doctrine of Lifting the corporate veil a comparative study between USA, UK, and India" in partial fulfilment of the requirements for the award of the degree of Bachelors/Masters/Ph.D of Masters-in Corporate law is an authentic record of my own work carried out during the period from February 12, 2025 to April 22, 2025 under the supervision of -Prof. Sudipa Mazumder Department of Law.

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Dhurjati Prasad De.
22.4.25

(Signature of the students with Date)

Name of the Student: Dhurjati prasad De.

Registration no.: 230050104364

Department.: Law

PREFACE

‘‘The corporate veil is the basic principle of the company law.’’ The company is a ‘‘separate legal entity’’ and company has a ‘‘limited liability’’ principle also. The ‘‘corporate veil does not necessarily mean that the protection is always in place’’. The ‘‘corporate veil’’ preserves the ‘‘shareholders’’ from being responsible for company’s action. But in certain circumstances ‘‘the veil can be lifted by the court and can hold the actual wrongdoer’’, whose are breaching the company’s statute and doing any ‘‘fraudulent illegal activities’’ behind the corporate curtain. The certain exceptional circumstances the court can ‘‘lift the corporate veil’’, ‘‘this concept is known as the lifting of the corporate veil’’.

In my research paper, I want to explore ‘‘the application of this doctrine of lifting the corporate veil’’ through a comparative analysis specially with the developed countries like UK, USA with the India. In this paper, I discussed in which situations those countries apply this ‘‘doctrine of lifting the corporate veil’’ and the statues and the important cases laws relating to those country.

In first chapter of my research, I give brief introduction ‘‘of lifting the corporate veil concept’’ and related concept with this and after that in second chapter of my paper, I write the evolution of this doctrine in those jurisdictions through different case laws. And in third chapter, I give the idea of the comparison between the three country’s application of this doctrine and in last chapter of my paper, I give the conclusion and suggestions.

The research objectives of this paper are first of all to identify the benchmark practices of ‘‘lifting the doctrine of the corporate veil’’ in the USA, UK and India. And the second to the comparative analysis of the legal framework of ‘‘lifting of corporate veil doctrine in USA, UK, India’’. And lastly to analysis recent Judicial precedent and trends of the ‘‘piercing of the corporate veil’’ in India and in the other jurisdiction specially in UK and USA.

The Purpose of the study to understand centre on exploring the legal doctrines surrounding ‘‘piercing the corporate veil’’ across different jurisdictions such as the ‘‘United States, the United Kingdom, and India.’’ It will examine into statutory laws, precedents, and regulatory frameworks that delineate the parameters of this doctrine. This study also examines legal and structural challenges in application of the ‘‘doctrine of lifting the corporate veil’’ and also identify the necessary reforms.

ACKNOWLEDGEMENT

I am Dhurjati prasad De, a student of Master Degree in Law, at Sister Nivedita University, Kolkata. I am glad that I got the opportunity to present my dissertation in this innovative topic, which my guide suggested to me. I am very thankful to my Guide- Prof. Sudipa Mazumder, to give me the chance to do a lot of research about this topic for presenting this Dissertation Thesis on this new and innovative topic, along with the University, which gave me the chance to be the part of this programme and all the other professors as well. Along with this I want to thank my parents too as they have also helped me a lot in this Dissertation Thesis paper, and made it easy for me to get successful in completing this paper smoothly.

Place: Kolkata

Date: 22.04.2025 Dhurjati Prasad De.

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CHAPTER 1: "APPLICATION OF THE DOCTRINE OF LIFTING THE CORPORATE VEIL A COMPARATIVE STUDY BETWEEN USA, UK & INDIA"

1.1 INTRODUCTION:

A corporation is a lawful organization ‘‘which is distinct and separate from its members’’. Because ‘‘a company has its own rights, duties, liabilities and obligations,’’ it can be ‘‘sue and be sued’’, which means that it has a different lawful recognition ‘‘that is differ from the other members of the company,’’ this is known ‘‘as a corporate personality". A company is not a living body thus the member work on behalf of the company behind the veil. In simple terms it is known as ‘‘corporate veil’’. A ‘‘corporate veil’’ is a legal concept. There are many circumstances where the ‘‘corporate veil’’ is removed which is known as ‘‘the lifting or piercing of the corporate veil’’. In the case of "**Salomon v. A. Salomon Co. Ltd.(1897),’’**the concept of separate lawful organization of the company became popular and we also get for the first time that company is independent from its members and shareholders and has a different identity of its own .when the company is incorporated then the company becomes an artificial person and the veil of the company is used for protection of the interest of the owners and members of the company. The ‘‘corporate personality rule" of company law has an exception which is known as the "piercing of the corporate veil.’’ The term lifting of the corporate veil means to remove the imaginary veil between the company and its members and hold the wrongdoer, who is liable for the illegal activities conducted under the veil of the company[1].

In legal terms, ‘‘piercing the corporate veil" is an exception to the different lawful personality of the company. Though under certain exceptional circumstances the courts may ‘‘pierce the corporate veil of a company’’ and hold those persons, whose are doing wrongful act behind the veil.

1.2 THE ‘‘CONCEPT OF SEPARATE LEGAL ENTITY’’:

[1] ’’Md Farhan Saquib,(2024) *Doctrine of lifting of corporate veil :an analysis, ipleaders.* Available at : https://blog.ipleaders.in/doctrine-of-lifting-of-corporate-veil-an-analysis’’.

Every company, whether private limited or public limited must be registered, or incorporated a company is ‘‘conferred legal personality’’. It acquires such rights and powers as a human being. In other words, it gets ‘‘separate lawful entity’’.

A company is a different legal organization distinct from its members. It means the things of the corporation are not the things of the members. In the same way the things of the members are not the things of the company. This particular concept is known as the ‘‘concept of different legal entity,’’ or ‘‘concept of separate legal entity’’ which came for the first time from the landmark case of ‘‘**Salomon v. A. Salomon Co. Ltd. (1897).[2]’’**

1.3 ‘‘CORPORATE VEIL DEFINITION UNDER INDIAN COMPANIES ACT 2013’’:

The ‘‘corporate veil’’ definition is a lawful concept that separates the actions of an entity to the actions of the shareholder. In other word, it preserves them from being liable for the company’s actions. It does not necessarily mean that the protection is always in place. A court may also establish that whether they hold shareholders responsible for a company’s actions or not.

1.4 ‘‘PIERCING THE CORPORATRE VEIL’’:

‘‘Lifting the corporate veil’’ means a circumstance in that case the courts may set aside ‘‘limited liability’’ principle and can hold the company’s directors, investors personally accountable for the company’s activities or debts. ‘‘Corporate veil piercing’’ is common in closed corporations. While the laws vary from state to state, courts will generally abstain from ‘‘piercing the corporate veil’’ unless there have been sings of serious misconduct.

[2] ’’Tejaswini Kaushal,(2022) *Separate legal entity , ipleaders.* Available at : https://blog.ipleaders.in/separate-legal-entity/.’’

1.5 GROUNDS FOR ‘‘LIFTING OF THE CORPORATE VEIL’’ FROM THE INDIAN PERSPECTIVE:

A. STATUTORY PROVISIONS:

- ‘‘OFFICER IN DEFAULT’’:

  ‘‘The section 2(60) of the Companies Act 2013’’ give the concept of ‘‘officer in default’’ that means any person who acts in contravention of any provision of this act will be held liable for penalty or can be given imprisonment as per given law. In that condition the court may ‘‘lifting the corporate veil,’’ and can give punish the wrongdoer.

- ‘‘FRAUDULENT PURPOSE’’:

  Under ‘‘section 447 of the Companies Act 2013’’ if any person is doing any illegal things in the company or doing any improper conduct into that company, or giving any false information to any person for investing their money, in those situation court can ‘‘piercing the corporate veil.’’

- ‘‘UNDER SECTION 74(3)’’:

  Under this ‘‘section of the Companies Act 2013,’’ when the company fails to repayment the deposit, or interest within the specified time by the tribunal, in that case every officer of that company will be responsible for such default.

- ‘‘UNDER SECTION 239’’:

  Under this ‘‘section of the Companies Act 2013’’, the central government can appoint an investigation officer for an inquiry about the affairs and the management of the company or acquisition of its shares and if there has been present of any offence regarding such activity.

- ‘‘UNDER SECTION 339’’:

Under this ‘‘section of the Companies Act 2013,’’when the company is in the process of winding up, and that company carried out business to defraud the other person, that person in the company who is intentionally defraud the creditor or any other person then that person will be personally liable for that by the ‘‘National Company Law Tribunal’’ as per this section.

B. JUDICIAL INTERPRETATIONS:

The concept of ‘‘lifting the corporate veil’’ has emerged mostly from the judicial interpretation and it came for the first from the landmark case in UK ‘‘Soloman’’ case. After that different judicial interpretation has been done above the ‘‘concept of lifting the corporate veil concept.’’ There is no specific ground under which the ‘‘concept of lifting the corporate veil’’ is always apply by the courts in a same manner, the facts and circumstances always are changed in each of the cases.

- ‘‘FRAUD:’’

Where a company is incorporated for defraud the existing creditors, the court will lift the veil to do justice to the creditors.

In ‘‘**Jones v. Lipman (1962)**’’, in that case Lipman gives his consent to sell a certain land to Jones. He subsequently changed his mind, and to avoid the specific performance of the contract, he sold it to a company, which was formed specially for the purpose. The company had Lipman and a clerk of his solicitors as the only members. Jones brings an act for the specific performance against Lipman and the company. The court looked to the reality of the situation, ignored transfer and ordered that the company should convey the land to Jones.

- ‘‘SHAM COMPANY’’:

Where there are multiple corporate bodies, but they are majority owned by the one person or group of persons for doing any illegal activities, in that case the court also pierce the curtain there the company is a ‘‘mere cloak or sham.’’

In ‘‘**Gilford Motor Co. Ltd. V. Horne (1993**)’’ here Horne, a former employee of a company, was subject to a covenant not to solicit its customers. But he formed a company to carry on a similar business, which if he had done so personally, would have been a breach of the covenant. The court granted an injunction against both him and the company to restrain them from carrying on the business.

The court considered the company as a ‘‘mere cloak or sham’’ for the purpose of enabling the defendant to commit a breach of his covenant against solicitation.

- ‘‘TAX EVASION’’:

The company consider as a ‘‘different lawful organization’’ and has a same liability as other legal person. So, the liability of every company is to pay the tax to the Government timely. If the officer of the company uses the company as a ‘‘separate legal organization’’ concept and evade taxes, in that situation the court can ‘‘lift the corporate curtain’’ of this certain company and hold those persons responsible for failure to pay tax.

In the case of ‘‘**Vodafone International Holdings v. Union of India (2012**)’’ the Apex court said that in that case the income tax department has the power to ‘‘lifting the corporate veil’’ of the company to hold the wrongdoer whose are use the ‘‘separate legal entity’’ concept for evade the tax.

- ‘‘MERE AGENCY OF THE HOLDING COMPANY’’:

When any parent company uses its subsidiary company as an agency for its undue benefits, in that case the court can ‘‘lift the corporate veil’’, to hold such person responsible for such act.

In the case of ‘‘**Smith Stone & Knight Ltd. V. Birmingham Corporation (1939),**’’ the company offer its all asset to a subsidiary company for give up its liability, and told that they are not the owners of the property. The court used in that case ‘‘lifting the

corporate veil'' doctrine and court saw the subsidiary company is an agent of the parent company, and the transaction was made for the actual benefit for the parent company.[3]

- ''PUBLIC POLICY:''

The ''corporate veil concept'' can be lift for the benefits of the public policy. The courts may ''pierce the corporate veil'' to preserve the public interest and protect transactions opposed to public at large or for the public interest. Thus, the concept of public policy as a ground for ''piercing the corporate veil,'' is totally depend upon the discretionary power of the court.

In the ''**State of Rajasthan and Ors. v. Gotan Lime Stone Khanji Udyog Pvt. Ltd. and Ors, sc (2016),''**the supreme court said that ''lifting of corporate veil'' on the grounds of public interest and observed the ''corporate veil'' can be pierced if the public interest injured. In this particular matter, the company structure was being misused to conceal the actual transaction, which involved the transfer of a mining lease to a third party for a price, but which was done by without the legally required approvals. That was done by splitting the deal into two stages: first, converting a partnership firm into a company and after that selling all the company's shares to another entity. The real transaction is the selling of a mining lease, which was prohibited by law.[4]

- **''UNDERCAPITALIZATION'':**

[3] ''Md Farhan Saquib,(2024) *Doctrine of lifting of corporate veil :an analysis, ipleaders.* Available at : https://blog.ipleaders.in/doctrine-of-lifting-of-corporate-veil-an-analysis.''

[4]''Kunal Bhardwaj and Tharun Chowdhary,(2023) *Pardey ke Peechey kya hai- A Comprehensive Analysis of the Evolution of the Corporate Veil Doctrine in India, .* Available at : https://articles.manupatra.com/article-details/Pardey-ke-Peechey-kya-hai-A-Comprehensive-Analysis-of-the-Evolution-of-the-Corporate-Veil-Doctrine-in-India.''

The meaning of the ‘‘undercapitalization’’ means if a company has the insufficient money or capital to conduct its business and it cause difficulties to operate its smooth business operation, in that situation in modern times the court can ‘‘lift the corporate veil.’’

1.6 ELEMENTS OF ‘‘PIERCING OF CORPORATE VEIL CLAIM:’’

Normally, there are present three important points, these are must be proved by the plaintiff in order to ‘‘lifting the company veil’’. These elements are under following: 1. ‘‘Control and domination,’’ 2. ‘‘Resulting damage or harm,’’3. ‘‘Improper purpose or fraud.[5]’’

So, we can say that ‘‘the concept of lifting the company veil’’ is more developed till now with the different types of cases with their new facts and circumstances. The concept of ‘‘corporate veil’’ generally protects the shareholders and other officers of the company, but when the ‘‘concept of separate lawful body’’ is misused by their own members for doing illegal activities or any fraudulent purpose, then in that situation court can ‘‘lift the company curtain,’’ and hold the wrongdoer of that company.

This paper will deal with following chapters as follows: The first chapter will deal with introduction and synopsis and the second chapter will deal with evolution of the lifting the corporate veil through different case laws of such jurisdiction specially in USA, UK and INDIA, and chapter three deals with comparison of the legal framework of the ‘‘lifting of the corporate veil’’ doctrine in USA, UK, INDIA, and last chapter will deal with conclusion and suggestions.

1.7 STATEMENT OF PROBLEM:

[5]’’Akash Ramdas Nikam*, Lifting of Corporate Veil: A Tool to Curb Corporate Abuse*, 3 INDIAN J.L. & LEGAL RSCH. 1 (October-November 2021).’’

‘‘The doctrine of lifting the corporate veil’’ is a crucial legal tool that permits courts to disregard a ‘‘company's separate legal personality’’ in exceptional circumstances, holding individuals controlling the company personally liable. While ‘‘the principle of corporate personality’’ was firmly established ‘‘in **Salomon v. A. Salomon & Co. Ltd. (1897)**,’’ courts in various jurisdictions have developed different approaches to ‘‘piercing the corporate veil,’’ leading to inconsistencies in its application. The criteria for ‘‘lifting the corporate veil’’ remain ambiguous and vary depending ‘‘on factors such as fraud’’, ‘‘evasion of legal obligations,’’ misuse of corporate structure, and equitable considerations.

Despite the recognition of this doctrine, ‘‘there is no universal standard governing its application.’’ ‘‘The courts in the USA, UK, and India’’ have each evolved distinct legal tests and principles, often leading to unpredictability in corporate litigation. For instance, in the UK, courts normally adopt ‘‘a restrictive approach’’, as seen in ‘‘**Prest v. Petrodel Resources Ltd. (2013),’’** while US courts have developed a more flexible framework, considering factors like ‘‘undercapitalization’’ and the ‘‘commingling of assets’’. In India, the doctrine has been invoked in diverse contexts, including tax evasion and fraud, but lacks a clear codified standard, leading to inconsistent judicial interpretations.

This lack of uniformity creates legal uncertainty for corporations, shareholders, creditors, and regulators. Without clear and predictable guidelines, businesses may exploit the corporate structure to evade liability, while creditors and stakeholders may face difficulties in enforcing their rights. Furthermore, the absence of a harmonized approach raises concerns about corporate governance, shareholder liability, and creditor protection. This study seeks to identify and analysis these inconsistencies, assess the effectiveness of existing judicial and legislative approaches, and explore potential reforms to enhance ‘‘legal clarity and fairness in the application of the doctrine across different jurisdictions.’’

1.8 ‘‘RESEARCH OBJECTIVES’’:

The Research objectives of this paper are under following:

1. To get a clear insight about the benchmark practices of the ‘‘lifting the doctrine of the corporate veil’’ ‘‘in the USA, UK, and India’’.

2. ‘‘To comparative analysis of the legal framework of lifting of corporate veil doctrine in USA, UK & India’’.

3. ‘‘To analyze recent Judicial precedents and trends of the ‘‘piercing of the corporate veil’’ in India and in the other jurisdictions specially in UK and USA.’’

1.9 ‘‘RESEARCH QUESTIONS:’’

‘‘The Research questions of this paper are under following’’:

1. ‘‘What are the benchmark practices of the ‘‘lifting of the corporate veil’’ in USA, UK India?’’

2. How does the legal framework governing ‘‘the lifting of the corporate veil’’ differ between ‘‘the USA, UK and India’’?

3. What are the Judicial precedents and trends of the ‘‘piercing of the corporate veil’’ ‘‘in India’’ and in the other jurisdictions specially in UK and USA?

1.10 ‘‘LITERATURE REVIEW:’’

Topics:

- In this paper Authors Sibani Nandini Dash & Pallavi Chakra examine the relationship between the public intertest and ‘‘the lifting of corporate veil doctrine.’’ Authors says in this paper when ‘‘the lifting of corporate veil doctrine’’ was used ‘‘by the court for the interest of the public’’. The authors firstly discuss what is the public interest or the national interest. This paper also said that ‘‘the corporate veil is based on two primary theories’’, ‘‘such as alter ego’’ ‘‘and the instrumentality’’ hypothesis is the second. And ‘‘the concept of the limited liability,’’ ‘‘statutory provisions,’’ and some judicial

interpretation and in conclusion the authors compared the company with the artificial persons, and which has the fundamental rights under ‘‘Art.21 of the constitution’’. And author in this paper also said that how one can be taken away by blaming its members for wrongdoing rather than the company itself. The Author also examines when the ‘‘corporate personality’’ is revealed, it is usually the shareholders, directors, other members of the company found guilty, and hiding behind the curtain.[6] The Author has failed to give the clear idea for use of this doctrine in cases of public interest.

- In this paper Authors Umang Sharma & Anugya Shukla discuss in introduction, ‘‘what is the concept of corporate veil’’, after that this paper also highlights the statutory provisions, judicial interpretations and the other circumstances related to ‘‘lifting of corporate veil doctrine’’ This paper also examines the certain recent development relating to corporate veil, such situations are relating to environmental harm, human rights, violations, other types of corporate wrongdoing.

  In this paper also analysis the ways to maintain protection ‘‘corporate veil’’. And lastly in conclusion describes about how a corporation can be avoid this ‘‘lifting of the corporate veil’’ doctrine by following a proper corporate governance practice and maintain transparency in their operations also.[7]

- In this paper Author Shikhar Sahu describe in introduction ‘‘the concept of separate legal entity’’ and how ‘‘the company is different from its members and shareholders,’’ this paper also examines that the shareholders in many situations is done the fraud in the company with the creditors for their own personal benefits. The paper also examines that ‘‘the debate of the lifting of the corporate veil’’ concept after ‘‘Salomon case’’ also exists. And there is no certain explicitly the use of the term ‘‘corporate veil under

[6] ‘‘Sibani Nandini Dash & Pallavi Chakra, *Public Interest and Lifting of Corporate Veil under Companies Act*, 4 INT'l J.L. MGMT. & HUMAN. 4099 (2021).’’

[7] ‘‘Umang Sharma & Anugya Shukla, *Lifting of Corporate Veil: Recent Developments and Ways for Protection*, 6 INT'l J.L. MGMT. & HUMAN. 1375 (2023).’’

Companies Act 2013''. The Author also analysis the relation between the ''corporate veil'' and ''the judiciary'' ''the application of this doctrine requires investigation into a number of factors such as harm caused, improper purpose etc.''

The Author has failed in this paper how these judicial trends will be implementing through this doctrine to control those corporate misconduct.[8]

- In this paper the Author ''Lavanaya Ambalkar'' discusses in introduction the ''concept of corporate veil'' and the ''lifting of the corporate veil concept.'' The author also examines the debates upon the correctness of this doctrine. The research questions of this paper was the broad area ''of the public interest'' should be considered as a ground for ''piercing the corporate veil'', the research methodology in this paper is doctrinal study and some part based on the empirical study also. This paper also analysis the judicial interpretation of some important case laws of UK, USA and India. And uncertain of the public interest in the Indian judicial context is very wider in application, and vague and unestablished grounds to ''lift the corporate veil'' must not be used ''by the courts''.[9]

- In this paper Author Jennifer Payne discuss about the ''salomon'' case principle , after that Author also examines such cases in which the fraud exception principle came out for ''the lifting of the corporate veil'' such as ''in the case of **Creasey v. Breachwood Motors Ltd,'' ''Gilford Motor company Ltd v. Horne'' and ''Jones v. Lipman,''** these two cases based on ''the misuse of the corporate forms'', which is based on the fraud exception will succeed and lastly in conclusion author examines that the ''sham company'' would not need to be registered for ''the purpose of doing the fraud''.

[8] ''Shikhar Sahu, *Judicial Trends in Lifting of the Corporate Veil,* 2 INDIAN J. INTEGRATED RSCH. L. 1 (September-October 2022).''

[9] ''Lavanaya Ambalkar, *Corporate Veil Lifting: Issues and Solutions and Public Policy as a Ground; Tracing the Indian, English and American Jurisprudence*, 22 SUPREMO AMICUS [239] (2020).''

The Author failed to suggest that how to curb the fraud in the corporation to avoid the ‘‘lifting of corporate veil.[10]’’

- In this paper Author Akash Ramdas Nikam examines ‘‘in the first chapter the concept of lifting the corporate veil’’ through introduction, after that the research questions were the elements of the ‘‘lifting the corporate veil’’ and ‘‘the concept of the doctrine of reverse piercing’’ and ‘‘the author’’ also analysis comparative jurisprudence relating to ‘‘this doctrine in UK, USA, and Singapore and India also’’. And in chapter two author has given different literature review of the different articles. And in chapter five gives certain recommendation related to this doctrine and in conclusion Author examines ‘‘the principle of lifting the corporate veil’’ concept is totally depended upon the judiciary ’s discretionary power and courts are struggling to implement this doctrine.

  The Author failed to clear criticise the ‘‘Salomon’s case’’ whether the judgment is not based on fairness and equity.[11]

- In this paper Author Thomas. k. Cheng examines in the introduction through some important case laws ‘‘the concept of lifting the corporate veil,’’ which is very difficult areas ‘‘in the Hong Kong company law’’. The Author provides in this paper the empirical study and comparative and development perspective on the ‘‘corporate veil doctrine.’’ Generally, Author compares this doctrine with the us cases and gave the essential features of the Hong Kong court’s address to this doctrine. In this paper the empirical survey confirmed that in more than 50% cases the doctrine invoked by the Hong Kong and US courts in the criminal, contract cases but not in tort cases.

[10] ‘‘Jennifer Payne, *Lifting the Corporate Veil: A Reassessment of the Fraud Exception,* 56 CAMBRIDGE L.J. 284 (July 1997).’’

[11] ‘‘Akash Ramdas Nikam, *Lifting of Corporate Veil: A Tool to Curb Corporate Abuse*, 3 INDIAN J.L. & LEGAL RSCH. 1 (October-November 2021).’’

The Author has failed in this study how this ‘‘doctrine of lifting the corporate veil concept’’ will be implement in the strictly manner in which cases, which was totally depends upon some judicial decisions of the Hong Kong ’s cases, and also compare with the other states like US.[12]

- The Author Sandra. K. Miller examines in this paper first of all ‘‘the concept of lifting of the corporate veil’’ in US and in which cases courts used ‘‘the lifting of corporate veil’’ concept such as ‘‘in fraud’’, illegal, ‘‘improper conduct’’, undercapitalization, evident in cases involving misrepresentation and in 40% case suggest it was depended upon the contract claims.

  After that Author also examines ‘‘in these cases ‘‘UK court’’ gave the decision for ‘‘lifting the corporate veil’’ such as ‘‘in fraud’’, deception etc.’’

  The Author failed to give a proper certainty, whether this doctrine will be mandatory applicable in which situation by comparing of those different jurisdiction’s ‘‘corporate veil’’ concept such as in Germany, UK and USA.[13]

- In this paper, Author Thomas . K. Cheng examines first of all the ‘‘comparative study of corporate veil piercing’’ ‘‘doctrines under and US and ‘‘English company law’’, through the jurisprudential approaches, treatment of specific case types and other related issue.’’ This paper also highlights the ‘‘single economic unit theory,’’ which was first present ‘‘by lord Denning’’. The Author also describes the important differences between the ‘‘corporate curtain doctrines’’ in the ‘‘United Kingdom and the United States’’, from ‘‘judicial approaches to treatment of certain cases.’’

[12] ‘‘Thomas K. Cheng, *The Lifting of Corporate Veil Doctrine in Hong Kong: An Empirical, Comparative and Development Perspective,* 40 COMM. L. WORLD REV. 207 (2011).’’

[13] ‘‘Sandra K. Miller, *Piercing the Corporate Veil among Affiliated Companies in the European Community and in the U.S.: A Comparative Analysis of U.S., German, and U.K. Veil-Piercing Approaches*, 36 AM. BUS. L.J. 73 (Fall 1998).’’

The Author failed to examine in recent trends of ‘‘corporate veil doctrine’’ and Author failed to give the suggestion how to craves out the corporate abuse problem in the corporation.[14]

- The Author Anushka Singh in this paper examines first of all the limits of ‘‘the principle of limited liability’’ and discuss the case of landmark judgment of ‘‘Saloman case.’’ Author also analysis an exception to this general rule. The Author highlighted, when the term corporation is used to harm the public interest, to commit a crime or fraud, the law treats a corporation as a body of people.

  The Author has failed to give a clear idea about this ‘‘lifting the corporate veil doctrine.[15]’’

- The Researchers Ayushi Kushwaha and Niharika Verma examines the ‘‘concept of corporate veil’’ and this concept’s use cannot be successfully contained ‘‘within statutory boundaries,’’ this concept was based upon the basically on judicial decisions and in conclusion ‘‘the researcher tried to enumerate areas where ‘‘Indian courts’’ have often with the aid of ‘‘English jurisprudence’’, tried refining the contours of the ‘‘concept of corporate veil.’’

  Author failed to give the necessary recommendation and suggestion which need for the development of this doctrine principle.[16]

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[14] ‘‘Thomas K. Cheng, *The Corporate Veil Doctrine Revisited: A Comparative Study of the English and the U.S. Corporate Veil Doctrines,* 34 B. C. INT'l & COMP. L. REV. 329 (Spring 2011).’’

[15] ‘‘Anushka Singh*, Lifting of the Corporate Veil in India*, 6 Int’l J. L. Mgmt. & Human. 201 (2016).’’

[16] ‘‘Ayushi Kushwaha & Niharika Verma, *Beyond the Curtain: Trailing the Judicial Approach on the Lifting of Corporate Veil in India,* 4 Int’l J. L. Mgmt. & Human. 3117 (2021).’’

- In this paper Author Pracheta Rathore examines ‘‘the world has been struggling to maintain the balance between environmental development and economic development.’’ The Author discussed ‘‘the lifting of the corporate veil’’ in the respect of environmental situation through comparative study between USA and India.

  The Author in this paper only highlighted the relation between ‘‘environmental harm’’ and the ‘‘piercing of corporate veil concept.[17]’’

- This Paper the Author Ananyaa Varma examines ‘‘the doctrine of piercing the corporate veil’’ ‘‘through a comparative analysis between the United States of America, Japan and Turkey and India’’. The Author also examines in conclusion ‘‘doctrine of piercing the corporate veil acts as a weapon in fighting with white collar crimes.’’[18]

- In this article the Authors Hunton and Wiliams Brussels examine the ‘‘shareholder limited liability’’ in the modern corporate law. And also discuss the grounds for ‘‘lifting the corporate veil’’ in which situations.

  The Author analysis in conclusion in tort and environment cases the ‘‘lifting of the corporate veil’’ concept was applied by courts of different jurisdiction.[19]

[17] ‘‘Pracheta Rathore, *Piercing the Veil of Environmental Liability in India: Comparative Analysis Between India and USA*, 5 Int’l J. L. Mgmt. & Human. 1223 (2022).’’

[18] ‘‘Ananyaa Varma, *A Comparative Analysis of the Doctrine of Piercing the Corporate Veil: A Perspective from India,* 9 Int’l J. Legal Dev. 6 (Nov.–Dec. 2023), Available at : https://www.thelawbrigade.com’’

[19] ‘‘Hunton & Williams, *Piercing the Corporate Veil: Shareholder Liability for Corporate Torts*, 8 Maastricht J. Eur. & Comp. L. 167 (2001).’’

- The Author S. Ottolenghi examines in this paper ‘‘the judgments which deviate from the strict rule of the separate legal entity’’ of the corporation, the Author also said in this paper there is a need for proper ‘‘legislature should lay down definite rules for lifting the corporate veil.’’ Lastly concluded with the categories with ‘‘the two things these are the statutory and judicial process of lifting the veil’’.

  The Author has failed to give a proper and clear idea for applicability of this doctrine.[20]

- In this paper Author ‘‘Roberto Miguel Rodriguez’’ wanted to give us a clear concept ‘‘about the lifting the corporate veil concept.’’ Then firstly, Author examines the historical development of this concept after that Author analysis the recent judicial reasons for the ‘‘lifting the corporate veil’’.

  The Author lastly analysis how effectively this doctrine will be applicable in the case of individual owners accountable for corporate debts when necessary.[21]

- The Authors ‘‘Anshu Priya Patel and Dr. Suneel Kumar’’ in this research study focused on the statutory provisions pertaining to the idea of ‘‘lifting the corporate veil’’ in different countries like ‘‘UK,’’ India and USA also. The Author also examines in India, and UK the decision to ‘‘pierce the corporate veil’’ rests on judicial discretion. The Author analysis ‘‘the Indian doctrine of corporate veil’’ this idea is more developed than UK.

[20] ‘‘S. Ottolenghi, *From Peeping Behind the Corporate Veil to Ignoring It Completely*, 53 Mod. L. Rev. 338 (1990).’’
[21] ‘‘Roberto Miguel Rodriguez, *Piercing the Corporate Veil: A Comprehensive Guide for Attorneys* (Sept. 30, 2023)’’

The Author has failed to examine a clear idea about when and how the ‘‘piercing of the corporate veil doctrine’’ will be applicable in those jurisdiction[22]

- In this paper the Author Arunoday Rai examines in introduction the clear idea about ‘‘the concept of lifting the corporate veil’’, after that Author also describe the important case law from the Indian judiciary. And lastly Author failed to give the clear distinction between ‘‘the lifting and piercing the veil concept.’’[23]

- In this paper Author Liton Chandra Biswas, examines the ‘‘concept of lifting of the corporate veil’’ and the Author examines the different case laws relating to ‘‘corporate veil’’ and lastly said this doctrine will not only apply in the ‘‘case of fraud’’, but also will be apply ‘‘in the case of where it is necessary to promoting the business activities.’’[24]

1.11 RESEARCH GAP:

‘‘The Doctrine of lifting the corporate veil’’ is an established principle ‘‘in company law,’’ But its application is inconsistent and subject to judicial discretion across different jurisdiction. Where several studies focused on the statutory or theoretical foundations and other are focused on the judicial precedents surrounding, this doctrine. So significant research gaps are still present in the ‘‘comparative analysis of its application in the ‘‘USA, UK, and India.’’

The first major gap is the absence of a uniform ‘‘benchmark for piercing the corporate veil.’’ Courts in different jurisdictions apply different tests, like ‘‘alter ego’’ doctrine in the USA, the evasion principle in the UK, and fraud and improper conduct approach in India.

The second gap is the absence of a clear legislative framework in most jurisdictions. There is no clear statutory provision guiding the judiciary.

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[22] ‘‘Anshu Priya Pate & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil,* 6 Indian J.L. & Legal Res. (Issue II) (2023).’’

[23] ‘‘*Lifting or Piercing the Corporate Veil: Clarifying the Two-Step Examination*, CBCL (Apr. 10, 2021), Available at: https://cbcl.nliu.ac.in/company-law/lifting-or-piercing-the-corporate-veil-clarifying-the-two-step-examination/.’’

[24] ‘‘Liton Chandra Biswas, *Approach of the UK Court in Piercing Corporate Veil*, Available at: https://www.researchgate.net/publication/272526625 (last visited Apr. 2. 2025).’’

There is no comprehensive study has systematically compared these approaches ‘‘to determine their efficiency, boundary’’ and impact on ‘‘corporate governance’’ and legal certainly.

1.12 HYPOTHESIS:

The existing legal provisions governing ‘‘the lifting of the corporate veil’’ are insufficient to effectively tackle contemporary challenges in corporate law, necessitating clearer judicial and legislative standards to ensure consistency and fairness across jurisdictions.

1.13 RESEARCH METHODOLOGY:

The methodology of my dissertation includes deep and thorough study of the ‘‘lifting of the corporate veil’’ in the in other states like USA, UK and compare it with Indian ‘‘lifting of the corporate veil concept.’’

This research adopts doctrinal legal research methodology focusing on an in, depth analysis of ‘‘legal principles,’’ rules, different articles, journals, and cases laws, related to ‘‘the doctrine of lifting the corporate veil’’ ‘‘a comparative study between ‘‘USA, UK, India.’’

1.14 SIGNIFICANCE OF THE STUDY:

The significance of the study will be under following:

1. To Understanding ‘‘corporate identity’’, ‘‘the exceptions of the corporate veil’’.

2. To understanding ‘‘the concept of corporate veil’’ and the ‘‘lifting of corporate veil doctrine.’’

3. This study aim the different legal principles and judicial approaches across different jurisdiction in ‘‘USA, UK, and India.’’

4. To identifying new judicial trends and precedents related to ‘‘lifting of corporate veil concept.’’

5. To give protection against corporate misuse, to promote corporate accountability and safeguards of creditors, shareholders and other authorities.

1.15 SCOPE OF THE STUDY:

The paper will centre on exploring the legal doctrines surrounding ‘‘piercing the corporate veil’’ across various jurisdictions like the ‘‘United States, the United Kingdom, and India.’’ It will delve into statutory laws, precedents, and regulatory frameworks that delineate the parameters of this doctrine. This study also examines legal and structural challenges in ‘‘application of the doctrine of lifting the corporate veil’’, also identify the necessary reforms. It also compares the study of ‘‘doctrine of lifting the corporate veil with USA, UK, and India.’’

CHAPTER 2: "EVOLUTION OF THE DOCTRINE OF LIFTING THE CORPORATE VEIL":

2.1 OVERVIEW:

Under the ‘‘Companies Act, 1956’’ and after that in ‘‘Companies Act 2013,’’ the current Act gave a new ‘‘the idea of lifting the corporate veil’’ is an important lawful consideration in holding individual owners ‘‘responsible for the debts of a corporation.’’ This doctrine allows a court to ignore the ‘‘corporate entity’’ and hold individual owners ‘‘personally accountable for the corporation's debts’’ in certain circumstances. ‘‘The idea of a corporate entity’’ which is separate from its owners has existed for centuries, dating back to the Roman Empire.

However, it was the time during the industrial revolution in the late 19th century in that time corporations began to Contribute substantially to economic growth. As corporations grew in size and influence, the need for a legal framework to govern their actions became apparent.

‘‘The corporate veil’’, which denotes ‘‘to the legal separation between a company and its owners,’’ was first challenged ‘‘in the landmark case of Salomon v. Salomon & Co. Ltd. in 1897.’’In this case, the House of Lords in the United Kingdom held that a corporation is a ‘‘distinct legal entity’’ and separate from its shareholders. This decision established the principle of ‘‘limited liability,’’ shielding shareholders from personal liability for the debts of the corporation and from this case the ‘‘doctrine of lifting the corporate veil concept’’ also developed.

Over time, courts in different jurisdiction such as in the USA and UK purifying this doctrine's application. And they were applying this doctrine in case of fraud, tax evasion and violations of statutory obligations. In India the specific grounds for ‘‘veil piercing’’ was present in the structural framework empowering court to ‘‘lift the corporate veil’’ in case of fraudulent conduct, misrepresentation, and other statutory breaches. This approach ensures that where a company enjoy the power of autonomy, then they must be accountable for the misused of the law.

2.2 EVOLUTION OF THIS DOCTRINE IN UK:

- **INTRODUCTION:**

The history of English ‘‘doctrine of lifting the corporate veil’’ can be divided into three stages. Those stages are under following:

‘‘A.1897- 1966’’:

This time is called ‘‘Classic veil piercing’’[25], in this experimentation period, when the English courts were examined with different ways of applying this doctrine.

The first period lasted from 1897, when ‘‘Salomon v. A. Salomon’’ was decided. The important fact and judgement of the case was under following:

1. **‘‘Salomon V. A. Salomon & Co. Ltd. in 1897’’:**

- **Fact of the case:**

‘‘Salomon’’ was a leather merchant and boot manufacturer. He was running a proprietorship, then he thought let’s open a company. He made a ‘‘limited company’’, which is consisting of himself, his wife, his daughter and his four sons as the shareholders, all of whom subscribed for one share each. ‘‘Salomon’’ traded his business which was totally solvent at that particular time to the company. Company issued debentures to him in return. He was the debenture holder, the managing director as well as the shareholder also. He made two of his sons were other directors. But badly, the company has gone into difficulties and the debenture holders nominate a receiver and the company went into liquidation.

[25]‘‘ Lavanaya Ambalkar, *Corporate Veil Lifting: Issues and Solutions and Public Policy as a Ground; Tracing the Indian, English and American Jurisprudence*, 22 SUPREMO AMICUS [239] (2020).’’

The total wealth of the company amounted to ‘‘Rs. 6050,’’ its liabilities were ‘‘Rs. 10000’’ secured by debentures. Rs. ‘‘8000’’ owing to unsecured trade creditors, who declare the whole of the company’s assets. They said the company was a mere alias or agent for ‘‘Salomon,’’ they were entitled to payment of their debts in priority to debentures.

- **Judgement:**

‘‘Salomon’’ went before the court the trial judge and the appellate court agreed with these contentions and decree against Salomon.

Then the House of Lord held that on incorporation, the corporation comes into existence and reach maturity on its birth. It has its own existence or personality ‘‘separate and distinct from its members’’ and as a result a shareholder cannot be held liable for its acts even though he holds virtually the entire share capital. This decision permits shareholders to benefit from ‘‘limited liability’’ and promoting economic growth by protecting their personal assets from business-related debts.

Notwithstanding, as corporations expanded, courts recognized that this ‘‘corporate personality’’ could sometimes be ‘‘abused to evade legal responsibilities’’ or hide misconduct. To solve these issues, courts start developing the ‘‘doctrine of lifting the corporate veil,’’ permit them to disregard a company’s independent legal status to ‘‘hold shareholders or directors accountable for such abuses.’’

2. ‘‘Gilford Motor Co Ltd v Horne [1933]’’:

- **‘‘Fact of the case’’:**

  ‘‘Mr. Horne’’ was selected as a managing director of Gilford Motors for a term of six years.’’ He signed ‘‘a contract with the company.’’ Under this contract according ‘‘clause 9’’ of the contract specified that “The managing director shall not at any time while he shall hold the office of a managing director or after leaving the company, the managing director must not try to approach, interfere with, or attract away any people, businesses, or companies who were customers of the company or regularly did business with it at the time or during their employment."

‘‘After three years later’’ ‘‘Mr. Horne’s’’ employment was terminated and ‘‘Mr. Horne’’ decided setup an enemy company, soliciting Gilford’s customers. ‘‘Mr. Hornes’s wife and close friend ‘‘Mr. Howard’’ were the ‘‘sole shareholders and directors’’ of the company.’’

‘‘They acquired ‘‘Mr. Horne’s’’ business and continued it.’’

- **Judgement:**

‘‘Gilford Motors’’ claimed[26] that ‘‘Mr. Horne’’ had violated ‘‘the covenant which was contained in his service agreement under clause 9’’. The matter went before ‘‘the court of appeal’’ who approved an injunction against both ‘‘Mr. Horne’’ and ‘‘his new company’’ on the basis that his new company was a ‘‘mere clock or sham’’ allowing him to violate the covenants in his service. ‘‘In that case court used the lifting of the corporate veil’’ in case of ‘‘sham company.’’

3. ‘‘Jones v Lipman [1962]:’’

- **‘‘Fact of the case:’’**

Where the ‘‘corporate veil’’[27] has been used for the commission of ‘‘fraud or improper conduct.’’ In such case, court must lift the curtain and observed at the realities of the situation.

Mr. Lipman owned a land and agree to sell it to Mr. Jones, into a contract to sell the land. Now after enter into the contract Mr. Lipman now does not want to transfer his land to Mr. Jones, for some reasons.

[26] Jennifer Payne, *Lifting the Corporate Veil: A Reassessment of the Fraud Exception*, 56 CAMBRIDGE L.J. 284 (July 1997).

[27] Jennifer Payne, *Lifting the Corporate Veil: A Reassessment of the Fraud Exception*, 56 CAMBRIDGE L.J. 284 (July 1997).

- **‘‘Pending completion of the formalities of the deal**:’’

  ‘‘Mr. Lipman’’ sold and transferred the land to a company which he had incorporated with a nominal capital of pound ‘‘Rs. 100’’. A company where he and a clerk were the only the directors and shareholders.

  When ‘‘Mr. Jones’’ heard about it, he filed a court case against ‘‘Mr. Lipman,’’ because there was a breach of contract.

- **Judgement:**

  The company was the creature of ‘‘Mr. Lipman’’ and a mask to avoid recognition and that in the eyes of law (fraud). ‘‘Mr. Lipman’’ must complete the contract the court said that.

B. ‘‘1966- 1989:’’

This is the second period also known as the ‘‘Interventionalist period’’. This period began after the second world war. In that period court saw the veil lifting cases with the new rules set by the House of Lords in ‘‘Salomon’s case.’’

4. ‘‘DHN Food Distributors Ltd v Tower Hamlets London Borough Council [1976]:’’

- **‘‘Fact of the case:’’**

  DHN was a ‘‘holding company’’ that contain two others wholly ‘‘owned subsidiaries.’’ DHN used both subsidiaries to conduct their business. DHN used the land from one of their subsidiaries to conduct their business (occupying the land as a bare licensee). They used other subsidiary’s vehicles for their business. The land on which they conducted their business on was subject to a compulsory purchase.

  The subsidiary was paid 360,000 pounds for compensation for the compulsory purchase of the land.

As a result of this, DHN went into liquidation. DHN sought compensation for disturbance of its business. The court of appeal ignored the separate corporate personality doctrine, DHN was awarded compensation for the loss of business.

- **Judgement:**

  The court of Appeal Lord Denning Mr. said the ‘‘subsidiaries’’ are obliged and foot to the ‘‘parent company’’ and do that thing which the ‘‘parent company’’ suggest. That group is practically the equal as a partnership in which all the three corporations are partners. They should not be treated differently so as to be beaten on a technical point. In this case the court treated a subsidiary and its parent company as one entity, ‘‘lifting the corporate veil’’ in a compensation claim.

C. ‘‘1989 The Present period:’’

The courts started to strictly apply this doctrine and mostly disfavour the ‘‘lifting of the corporate veil’’ during this period.

5. ‘‘Woolfson v Strathclyde Regional Council (1978):’’

The court declared that one situation whether ‘‘the corporate curtain could be lifted’’ whether the ‘‘special circumstances the company is doing a mere façade concealing the true facts. From this case we got that the ‘‘corporate veil’’ will be lifting in the case of fraud.’’

6. ‘‘Adams v Cape Industries (1990):’’

It was ‘‘held that the ‘‘corporate veil’’ can be lifted in this main three circumstances namely:

1. ‘‘If the statute being interpretated is in itself ambiguous.’’
2. ‘‘If there is a mere facade concealing the true facts.’’
3. ‘‘The third exception applies in the agency principle, meaning that to prove it, you need to show that the parent company has day to day control over the subsidiary.’’[28]

The Court of Appeal ruled ‘‘that companies within a corporate group should be treated as separate legal entities. It emphasized that the corporate veil should only be lifted if a company is being used as a cover to hide wrongdoing.’’

7. ‘‘Ord v Belhaven Pubs Ltd (1998):’’

‘‘The Court of Appeal refused to lift the corporate veil in that case.’’ The plaintiffs sued Belhaven Pubs Ltd for misrepresentation, but after that when the case has gone before the court of law, the company had been restructured and had no assets. The plaintiffs attempted to transfer liability to the parent company, arguing that the restructuring was a deliberate attempt to avoid responsibility.

The court dismissed the claim, stating that the company's financial struggles were real and not just a cover to escape liability. This ruling reinforced that a company's lack of assets alone isn't enough to lift the ‘‘corporate veil’’—there must be clear evidence that the company was intentionally set up to avoid legal responsibilities.

8. ‘‘Prest v Petrodel Resources Ltd (2013):’’

This was one of the important case laws in modern times in UK. It was a very important case law of the UK supreme court relating to ‘‘lifting the corporate veil concept’’. In this case it was held that the UK Supreme Court clarified that the ‘‘corporate veil’’ should only be lifted in rare cases where a company is intentionally used to dodge legal responsibilities. The case was a divorce dispute there ‘‘Mr. Prest’’ had properties registered under his companies and claimed they belonged to the businesses, not him personally. where the question was whether the corporate veil should be pierced in the context of a matrimonial dispute! However, the court determined that he had significant

[28] ‘‘Lavanaya Ambalkar, *Corporate Veil Lifting: Issues and Solutions and Public Policy as a Ground; Tracing the Indian, English and American Jurisprudence*, 22 SUPREMO AMICUS [239] (2020).’’

control over these companies and was using them to keep assets out of his wife's reach. Rather than directly piercing the ''corporate veil'', the court found that the properties were actually held in trust for ''Mr. Prest,'' meaning they still legally belonged to him. As a result, the court ordered that the properties be transferred to his wife as part of the divorce settlement.

- **CONCLUSION:**

  Apart from these important case law relating to ''lifting of the corporate veil doctrine'', there are still present different types of case laws where English court thought about the application of this doctrine. The future of the doctrine remains uncertain, but it is clear that courts are unlikely to expand veil piercing beyond its narrow exceptions.

2.3 EVOLUTION OF THIS DOCTRINE IN USA:

- **INTRODUCTION:**

The ''lifting of corporate veil'' concept is more developed in UK than in USA. The concept of ''lifting the corporate veil'' concept came for the first time from the ''Salomon v. A. Salomon case in 1897''. In United State the ''lifting of the corporate veil concept'' is the most litigated concept. In the most of the jurisdiction there is no common law rule of it, it is totally based on the common law precedent rule only. Mostly in the United State corporate law jurisdiction the lifting of the corporate law concept uses for to prevent the fraud and in certain cases of ''undercapitalization.'' In the United States of America, various theories, such as "alter ego" or "instrumentality rule", attempted to create a piercing standard. Although the courts of United State also said that the corporation will be liable for the action of their shareholder if that corporation has an only one share holder. There the alleged parent company or shareholder(s) also engaged in improper conduct, in that situation the ''corporate veil'' will be lift.

Mostly, they rest upon three basic principles—namely:

1. "unity of interest and ownership": ‘‘the different personalities of the shareholder and corporation cease to exist,’’

2. "wrongful conduct": ‘‘wrongful action taken by the corporation, and

3. "proximate cause": ‘as a reasonably foreseeable result of the wrongful action, harm was caused to the party that is seeking to pierce the corporate veil.’’

In 1926, Benjamin Cardozo the famous jurist of the US described this concept in law as "enveloped in the mists of metaphor[29]."
There are present some important case laws in the different jurisdiction in the United State some of those are under following:

1. ‘‘In New York, **Walkovsky v. Carlton** (1966)’’ is an important case on ‘‘piercing the corporate veil.’’ ‘‘The court observed that a plaintiff needs to confirm that a shareholder operates the company as his agent to carry the business in an individual capacity. A court will ‘‘lifting the corporate veil’’ when it finds that the company is an agent of its shareholder, and will hold the principal vicariously liable and uses the corporation for improper conduct.’’[30]

2. In ‘‘**Re JNS Aviation, LLC (2007)**,’’ ‘‘the court ruled that the ‘‘corporate veil’’ could be lifted if any of the established legal grounds for doing so were met. Essentially, if a company was created or used with the intent to commit fraud, and it actually did so mainly to benefit a specific individual courts would hold that person personally responsible**.’’**[31]

[29] ‘‘Lavanaya Ambalkar, *Corporate Veil Lifting: Issues and Solutions and Public Policy as a Ground; Tracing the Indian, English and American Jurisprudence*, 22 SUPREMO AMICUS [239] (2020).’’
[30] ‘‘Piercing the Corporate Veil**,** *Legal Info. Inst.*, Cornell L. Sch., https://www.law.cornell.edu/wex/piercing_the_corporate_veil (last visited Apr. 2, 2025).’’
[31] ‘‘Piercing the Corporate Veil**,** *Legal Info. Inst.*, Cornell L. Sch., https://www.law.cornell.edu/wex/piercing_the_corporate_veil (last visited Apr. 2, 2025).’’

3. ‘‘**Berkey v. Third Avenue Railway(1927)’’:**

Benjamin Cardozo[32] in that case said that there will be no ‘‘lifting of the corporate veil in the case of the personal injury of the victim.’’

Justice Cardozo also said ‘‘that piercing the ‘‘corporate veil’’ should be done cautiously and only when the subsidiary is being used as a mere ‘‘instrumentality’’ to commit wrongdoing.’’ After ‘‘the parent company and the subsidiary’’ maintained separate operations, the court refused to hold Third Avenue Railway liable. ‘‘The corporate veil’will be lift whether there will be clear evidence of misuse or fraud.’’

4. **‘‘United States v. Milwaukee Refrigerator Transit Co (1905):’’**

It was held in that case [33]the Milwaukee Refrigerator Transit Company was a corporation controlled by a small group of shareholders. The Government should disregard the corporate separate legal identity ‘‘and hold its shareholders personally liable for certain tax obligations.’’

The main allegation was the company, being used as the mere ‘‘instrumentality or alter ego’’ for its owners and not truly operating as a ‘‘separate entity.’’ ‘‘The court’’ allowed **‘‘**piercing the corporate veil’’, stating that: “Where a corporation is a mere instrumentality or business conduit of a person, it may be disregarded." In that case court also saw that the corporate form was abuse, it is not working independently. This is one of the earliest judgements of the US corporate curtain lifting case and it also said that the corporate form cannot be misused by fraud or any improper conduct.

[32] ‘‘Piercing the Corporate Veil, Wikipedia, https://en.wikipedia.org/wiki/Piercing_the_corporate_veil (last visited Apr. 4, 2025).’’

[33] ‘‘David T. Harmon, *Piercing the Corporate Veil*, Best Lawyers (Nov. 14, 2023), Available at: https://www.bestlawyers.com/article/piercing-the-corporate-veil/4563.’’

5. ‘‘Fletcher v. Atex, Inc., (1995)’’:

It was held[34] that in that case ‘‘finding insufficient that a parent company so dominated over the operations of a subsidiary that the ‘‘corporate veil’’ should be ignored. And then the court can ‘‘lift the corporate veil.’’

6. ‘‘Perpetual Real Estate Service Inc. v. Michaelson Properties, Inc(1992):’’

It was held [35] in that case there will be no ‘‘piercing of the corporate veil to take place merely to prevent’’ ‘‘unfairness’’ or ‘‘injustice’’, there is no present of prove of any fraudulent activities and ‘‘court did not pierce the veil and Michaelson Properties, Inc and its president would not liable for the corporation’s debts.’’

7. ‘‘Minton v. Cavaney,(1961):’’

In that case[36] ‘‘Justice Roger J. Traynor of the supreme court of California held that the equitable owners of a corporation, for example, are personally liable, when they provide inadequate capitalization and actively participate in the conduct of corporate affairs."

8. ‘‘Kinney Shoe Corp. v. Polan,(1991):’’

‘‘The court decided to pierce the corporate veil’’ because applying limited liability in this situation would go against its intended purpose. The company didn’t have enough capital to operate independently and was really just being used as a shield ‘‘to protect the shareholder’s other business from paying off its debts.’’

[34] ‘‘*Piercing the Corporate Veil*, Wikipedia, https://en.wikipedia.org/wiki/Piercing_the_corporate_veil (last visited Apr. 4, 2025).’’

[35] ‘‘*Piercing the Corporate Veil*, Wikipedia, https://en.wikipedia.org/wiki/Piercing_the_corporate_veil (last visited Apr. 4, 2025).’’

[36] ‘‘*Piercing the Corporate Veil*, Wikipedia, https://en.wikipedia.org/wiki/Piercing_the_corporate_veil (last visited Apr. 4, 2025).’’

‘‘The U.S. Court of Appeals’’ ‘‘for the Fourth Circuit held that the corporate veil should be pierced, and Polan could be held personally liable for the debt owed to Kinney.’’[37]

9. ‘‘In the case of **Lumax Industries v. Aultman, (1995)’’ “**it was[38] held that generally speaking, ‘‘undercapitalization,’’ disregard for company formalities, significant blending of personal and business matters, and the exploitation of the corporate structure to support fraud is the only reasons why courts will apply ‘‘lifting the corporate curtain”.

- **CONCLUSION:**

The United States Company law differ from state to state for that particular reason the applicability of this doctrine is something different in its application. Generally, the courts of United State piercing the doctrine of corporate veil in the case of wrongdoing, fraud or where the company is only the ‘‘alter ego’’ of the shareholder. In conclusion, it can be said that in the United States, the legal basis for piercing the ‘‘corporate veil’’ is more established and has a longer history.

2.4 EVOLUTION OF THIS DOCTRINE IN INDIA:

- **INTRODUCTION:**

In India the specific grounds for veil piercing were present in the ‘‘Companies Act, 1956’’ and after that in ‘‘Companies Act 2013.’’ In India the mostly the ‘‘concept of lifting the corporate veil’’ mostly came from the UK’s company law doctrine and applicability of this doctrine is also match with Indian case’s scenario, in which circumstances the UK’s court lifted the veil in that same situation some time Indian

[37] ‘‘*Piercing the Corporate Veil*, Wikipedia, https://en.wikipedia.org/wiki/Piercing_the_corporate_veil (last visited Apr. 4, 2025).’’

[38]‘‘ Ananyaa Varma, *A Comparative Analysis of the Doctrine of Piercing the Corporate Veil: A Perspective from India,* 9 Int’l J. Legal Dev. 6 (Nov.–Dec. 2023), Available at : https://www.thelawbrigade.com’’

court also lifted the ‘‘corporate veil.’’ The current Act gave a new structural framework empowering court to lift the corporate veil in case of fraudulent conduct, misrepresentation, and other statutory breaches. This approach ensures that where a company enjoy the power of autonomy, then they must be accountable for the misused of the law. Now this ‘‘concept of lifting the corporate veil’’ is still developed through case laws and recent development on it. The court also determine that in which particular situation the Indian courts will ‘‘lifting the corporate veil’’ for sure and under which circumstances the courts may not lift the corporate veil concept. Those important case laws through which the ‘‘concept of lifting the corporate veil’’ concept became very popular in India also these are under following:

1. In India the concept of lifting the corporate veil came from the UK ’s first case law ‘‘**Salomon v. A. Salomon in 1897’’**, and in India in ‘‘**LIC v. Escorts Ltd(1984**)’’ case carry a similar significance in Indian law as the ‘‘**Salomon v Salomon** case in UK.’’

In India in 1985 for first time observed this issue by the Hon’ble Supreme Court and also said some certain criteria for potentially ‘‘lifting the corporate veil concept’’. The Court set some guidelines for specific things such as for doing fraud, improper conduct in that situation the court will ‘‘lift the corporate veil’’ and held liable those persons whose are personally doing such misconduct for their own benefit and use the company for their own benefit.[39]

2. **‘‘Delhi Development Authority v. Skipper Construction Company (P) Ltd. and Ors(1995):’’**

   It was held that individual had used multiple corporate entities to deceive people and the Apex court ‘‘piercing the corporate veil’’ and consolidating those

[39] ‘’Ananyaa Varma, *A Comparative Analysis of the Doctrine of Piercing the Corporate Veil: A Perspective from India,* 9 Int’l J. Legal Dev. 6 (Nov.–Dec. 2023), Available at : https://www.thelawbrigade.com.’’

companies into a single entity under the control of the wrongdoer, and holding them personal directly liable for fraud.[40]

3. In the case of ‘‘**Commissioner of Income Tax, Madras v. Sri Meenakshi Mills Ltd. (1967),**’’ The Supreme court of India held in that case**,** whether there is a clean avoidance of taxation by the company, then court will ignore the curtain and pierce the curtain to seize the wrongdoers.[41]

4. In the other circumstance there the court used the lifting of the corporate veil concept where associated companies are closely interconnected that they act as a single entity. In the case[42] ‘‘**State of UP v. Renusagar Power Co(1988),’’** where ‘‘**Renusagar Power Co’’.**Provided energy to its fully owned subsidiary, ‘‘**Hindalco’’.** The supreme court applied the lifting of corporate veil doctrine in that case and observed ‘‘Hindalco’’ and ‘‘Renusagar’’ as a single entity, as Hindalco was essentially using its self -generated energy.

After that case Supreme court gave the purified circumstances for ‘‘lifting the corporate veil’’ doctrine and also Instead, ‘‘the Court’’ explained what must be taken into account when thinking about ‘‘piercing the corporate veil.’’ These considerations include the following:

1. ‘‘The first of all the involvement of the public interest.’’
2. The also mind that the nature of misconduct.
3. The also kept in mind ‘‘the relevance of statutory or other provisions and the intended objectives.’’

[40]‘’ Ananyaa Varma, *A Comparative Analysis of the Doctrine of Piercing the Corporate Veil: A Perspective from India,* 9 Int’l J. Legal Dev. 6 (Nov.–Dec. 2023), Available at : https://www.thelawbrigade.com.’’
[41] ‘’Ananyaa Varma, *A Comparative Analysis of the Doctrine of Piercing the Corporate Veil: A Perspective from India,* 9 Int’l J. Legal Dev. 6 (Nov.–Dec. 2023), Available at : https://www.thelawbrigade.com’’
[42] ‘’Ananyaa Varma, *A Comparative Analysis of the Doctrine of Piercing the Corporate Veil: A Perspective from India,* 9 Int’l J. Legal Dev. 6 (Nov.–Dec. 2023), Available at : https://www.thelawbrigade.com.’’

4. ‘‘And the lastly Potential consequences for affected parties’’.

5. **‘‘Balwant Rai Saluja & Anr. v. Air India Ltd. & Ors., (2014):**’’

   From this particular case we got that, ‘‘the doctrine of lifting the corporate veil’’ allows the court to ignore the ‘‘separate legal personality’’ of a company and impose liability upon the person whose are taking actual control over that particular company. And there must be the clear evidence of the ‘‘sham deliberately created by those persons exercising control over the company for the purpose of avoiding the liability’’. There must be present of prove that of doing wrong has done by the controller of the company.

   This judgement of the Supreme court also highlights the clear guidelines in which situation this doctrine will be applicable, it will be use when there is present clear evidence of that company, which is being a ‘‘sham’’. The Apex court also said that the doctrine of lifting the corporate veil is an exception to the principle of ‘‘separate legal entity’’ for that particular reason the use of this doctrine will be very carefully. [43]

6. **‘‘Sanuj Bathla & Anr. v. Manu Maheshwari & Anr.(2021):’’**
   ‘‘The Hon’ble Delhi High court held that allegations of fraud’’ against the defendant must be prove ‘‘for lifting the corporate veil’’ is necessary and in which dates, proper times the fraud has been committed must be mentioned in the plaint and there will be present the clear evidence of doing fraud. The applicability of this doctrine will be very carefully. [44]

- **CONCLUSION:**

[43] ‘‘Corpzo, *Corporate Veil Piercing: Recent Judicial Trends*, Corpzo.com (Sept. 28, 2024), https://www.corpzo.com/corporate-veil-piercing-recent-judicial-trends.’’
[44]‘‘ Corpzo, *Corporate Veil Piercing: Recent Judicial Trends*, Corpzo.com (Sept. 28, 2024), Available at: ‘‘https://www.corpzo.com/’’corporate-veil-piercing-‘‘recent-judicial-trends’’.

‘‘In India the lifting the corporate veil’’ concept came through these case laws, there are present other important case laws also. ‘‘In India’’ there is present ‘‘the Companies Act 2013’’ that consist of statutory provisions under which circumstances ‘‘court can lift the corporate veil’’ and hold the actual wrongdoer. Now this ‘‘concept of lifting the corporate veil’’ is still developed in India with the new facts and circumstances by the hands of different case laws and judicial precedents. The Indian Judiciary plays an vital role for the development of ‘‘the corporate law in India.’’

CHAPTER 3: "COMPARISON OF THE LEGAL FRAMEWORK OF THE LIFTING OF THE CORPORATE VEIL DOCTRINE IN UK, INDIA & USA":

1.1 OVERVIEW:

''The concept of lifting the corporate veil doctrine'' is still advanced above these three jurisdictions such as in UK, USA and in India also. ''The concept of veil piercing is now a separate subject'' to study more and more about this through the recent new judicial precedents of these three jurisdictions.
Generally, the development of this doctrine is done by the judicial decisions of the House of Lord of UK and the US's Supreme Court decisions as well as it also developed through the Indian Supreme court and High court's decisions.

The comparison of those three jurisdictions like in ''USA, UK, India'' is hard to identify. At first, we can see that in those three jurisdictions the ''lifting the corporate veil concept'' and ''limited liability'' principle and the ''separate legal entity concept'' appeared for the first instance from the important case in the company law that is ''**Salomon v. Salomon(1897).''**

Generally, with some differences some similarities also present above these jurisdiction's corporate veil lifting concept. We can see that in UK the veil piercing concept came for the first time and after that it spreads into different states across the world. In the UK the first present the ''Companies Act 2006'', in which we can see there is a concept of separate legal entity concept was present and from that ''concept the piercing the corporate veil'' concept being developed. Mostly in UK the concept of veil piercing came from the judicial precedents though there is present the ''Companies Act 2006'' also but in this Act, there is no mention the strictly provisions for the applicability of this doctrine, only certain cases are discussed there.

On the other hand, if we talk about the USA's veil piercing concept it came for the first time from the UK's landmark judgement ''**Salomon v. Salomon(1897**).'' After that this concept evolved through the various US case laws relating to ''corporate veil piercing'', in this way the US's lifting of the corporate veil concept is developed through certain judicial precedents. And the US courts also determine in which situation the US court will lift the corporate veil. Generally, the US courts has done lifting the corporate veil in the case of the mere agency, ''fraud and alter ego'' ''doctrine and instrumentality'' those situations are present in those cases the concept of ''lifting the corporate veil concept'' will be applied.

On the other side we can see that in India there is present the statutory provisions under ''Companies Act 2013,'' there is present the clear idea under which grounds the court will apply the ''veil piercing concept'' and hold the actual wrongdoer. In India without the statutory provisions there is also present certain landmark judicial precedents also, the Indian courts also applied such landmark judgement in modern veil piercing cases, whether the veil will be lifting or not. Now this veil piercing concept is also developed in India through the recent judgements. The Indian courts in different cases said one thing more and more that is the use of this doctrine will be very carefully.
In each and every case without any particular reason this doctrine will not be applicable all the time.

1.2 INTRODUCTION:

''The concept of the corporate veil'' in both ''the UK'' and India discuss about ''the legal distinction between a corporation and its members and shareholders''. The principle protects the directors and the members or the ''shareholders from the personal liability of the company's debts and obligations.'' In certain circumstances the courts of these particular jurisdiction can be ''lift the corporate veil'' ''and hold ''the directors'' and ''the shareholders'' personally liable for their wrongdoing action.''

In the USA also the ''corporate veil'' concept used by the courts for the certain serious corporate misconduct situation and also like India and in Uk ''the shareholders and the directors'' may be ''personally liable for their wrongdoing action behind the veil''.

The courts of US can set aside the veil and may hold the wrongdoer, whose are liable for their action.

The statutory provisions as well as the judicial interpretations relating to ‘‘lifting the corporate veil concept’’ ‘‘in the UK’’, ‘‘India,’’ and ‘‘in USA’’ have some similarities as well as some differences also.

1.3 ‘‘The concept of corporate veil in UK:’’

In the UK, this doctrine is particularly seen ‘‘in the common law’’ and as well as ‘‘in the statutory law’’ also. In the ‘‘Companies Act 2006’’ in UK said ‘‘that the company is a separate legal entity concept.’’ Generally, the UK courts developed ‘‘this concept of this doctrine’’ specially through case laws analysis, and more focusing upon the fraud, sham company, agency principles[45].

- **Case Laws:**

In ‘‘the landmark judgement such as **Salomon. V. A . Salomon and Co. Ltd(1897),’’** from that ‘‘case for the first time the concept of limited liability,’’ ‘‘corporate personality’’ as well as ‘‘separate legal entity concept’’ came and when the veil will be piercing this concept also came from the case and with the development ‘‘in the case of Prest v. Petrodel Resources Ltd. (2013)’’ created more strong to this concept and give the rules there is a clear evidence of evade the law and the obligations then the veil will be piercing.[46]

1.4 The ‘‘concept of corporate veil in India:’’

[45] ‘‘Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).’’

[46] ‘‘Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).’’

Like ‘‘the UK’’, in India we have ‘‘the Companies Act 2013’’. Which tell about the ‘‘concept of the separate legal entities.’’ ‘‘In India’’ ‘‘the concept of lifting the corporate veil’’ is similar like the grounds under the UK’s veil piercing grounds such as for doing fraud, improper conduct, alter ego doctrine etc.

- **Case Laws:**

In Indian courts in the one of the landmark Judgement ‘‘in the case of Tata Engineering Locomotive Co. Ltd. V. State of Bihar & Ors (1964),’’ ‘‘it was held in the case the Supreme court’’ held that specific clear circumstances for the ‘‘lifting the corporate veil’’ in India also. There is present number of case laws in India ‘‘in which cases the court used the lifting the corporate veil concept.’’[47]

1.5 ‘‘The concept of corporate veil in USA’’:

Like the India and the UK, in the USA, ‘‘the concept of lifting the corporate veil’’ is more advanced through the judicial interpretation, because there is no certain corporate law that is tell about the ‘‘concept of veil piercing.’’

There are present many branches of corporate laws under the US corporate laws. Generally, the US courts give ‘‘the idea of lifting the corporate veil’’ in the case there are present the ‘‘undercapitalization, alter ego’’ ‘‘doctrine and in the case of fraud also.’’

‘‘The concept of lifting the corporate veil’’ first of all came ‘‘in US’’ from ‘‘the UK’s’’ important judgement ‘‘Salomon’’ case, after that many important cases are

[47] ‘‘Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).’’

present in the US corporate law jurisdictions through which now still this concept will bring the new things and ‘‘the grounds under which the courts of US can lifting the corporate veil concept.’’[48]

- **Comparative Aspects:**

- **Similarities:**

1.6 Statutory Recognition:

- In these jurisdictions in the India and the UK have the statutory provisions in their respective act related to corporate laws.

  In the UK has ‘‘the Companies Act 2006’’ which provides the legislative framework of ‘‘lifting the corporate veil.’’

- ‘‘On the other side, in India’’ also presents ‘‘the Companies Act of 2013’’ which gives the certain ‘‘grounds for the lifting of the corporate veil.’’

- ‘‘In the USA’’ there are present the numbers of different corporate laws in different states in USA such as ‘‘Delaware General Corporation Law,’’ under this law may provide the grounds for ‘‘lifting the corporate curtain’’ if courts notice that ‘‘the company’’ is merely an ‘‘alter ego’’ ‘‘of its shareholders.’’

  Under the other laws such as ‘‘Model Business Corporation Act’’ of the US also said the same things of the alter ego doctrine. In different states laws in USA almost tell the same things relating to ‘‘corporate veil concept.’’ But the development of this concept is totally depended upon the judicial interpretation of the different case laws in US.

[48]‘‘ Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun)’’.

1.7 Legal Framework for the Corporate Bodies:

In these jurisdictions like in India, UK and as well as in USA have ‘‘the concept of the corporate separate legal entities’’.

- **UK:**

  There are present the ‘‘Companies Act 2006,’’ which gives the much codification of ‘‘the corporate law in the UK.’’ It tells that the company is a ‘‘separate legal person’’ and it differs ‘‘from its shareholders and directors.’’ It permits the company to own the property, taking debt and can enter into the contracts independently.

- **India:**

  Similarly, ‘‘in India’’ there is present the ‘‘Companies Act 2013,’’ which said the same thing like ‘‘UK’s Companies Act 2006’’.

  It also said ‘‘the Company is a distinct legal entity’’ which is ‘‘separate from its members’’. And also said that ‘‘the liabilities of the company’’ are its own and not upon its members unless it is provided by law.

- **USA:**

  In the USA the same idea like ‘‘the company is a separate legal entity’’ and it is ‘‘distinct from its members and shareholders. And in the USA the ‘‘piercing of the corporate curtain’’ concept came from the different judicial decisions. In ‘‘1926’’ the famous American jurist ‘‘Benjamin Cardozo’’ ‘‘discussed this doctrine in law as enveloped in the mists of metaphor”.[49]

[49]‘‘Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).’’

1.8 ‘‘Limited Liability for the shareholders of the company’’:

This is ‘‘one of the most important idea limited liability principles’’ which means ‘‘the shareholders’’ are liable for their debts, as per they invest into that company, not more than that.

- **UK:**

  In the ‘‘UK’s Companies Act 2006,’’ there is present the ‘‘concept of limited liability’’ principles of the shareholders.

  If there is a company, which is limited by shares, a shareholder’s liability is limited to that amount, not more than that amount. It helps to prevent the shareholder from giving debt from their personal assets to the creditor.

- **India:**

  In India, the ‘‘Companies Act of 2013,’’ in a same way gives ‘‘the concept of limited liability’’ for ‘‘the shareholders as well’’. The ‘‘Companies Act 2013’’ also said that there is present the ‘‘concept of separate legal entity’’ which ‘‘preserves the personal assets of the shareholders’’ and distinct it ‘‘from the company’s assets’’.

- **USA:**

  In USA, there is also present ‘‘the concept of separate legal entity’’ of a corporation as well. ‘‘The company’’ can buy ‘‘the property’’ in its own name, can taking debt from the creditors. In the US corporate laws, the shareholders enjoy such rights like ‘‘limited liability,’’ voting rights etc.

1.9 ‘‘Corporate veil as a statutory principle’’:

‘‘In these jurisdictions the idea of the lifting of the corporate veil’’ is not only the judicial interpretation, but also there are present certain statutory laws upon it.

- **UK:**
  In the ‘‘UK’s Companies Act 2006’’, there are present the certain ‘‘grounds for the corporate veil’’ such as ‘‘in the case of fraud,’’ any serious misconduct etc.

- **India:**
  In a same way in ‘‘Indian Companies Act 2013’’, also present certain ‘‘lifting of the corporate veil’’ grounds also ‘‘in case of fraud’’, serious misconduct, ‘‘in case of agency principles’’, or ‘‘abuse of any corporate form’’ etc.

- **USA:**
  In USA, there are present different corporate laws and those laws and certain judicial interpretations also said about the ‘‘merely an alter ego’’ doctrine of its shareholders.

1.10 Protection of the shareholders in those jurisdictions:

In these jurisdictions in UK, India, and in USA there are present the ‘‘concept of the limited liability’’, which protects the shareholder’s personal assets from the company’s own assets. When the company faces bankrupt condition, in that case the personal assets of the shareholders are protected from being used as a company’s debts.

1.11 Similar circumstances for ‘‘piercing the veil:’’

There are present similar circumstances of ‘‘lifting the corporate veil’’ ‘‘inside the UK’’, ‘‘India as well as in USA’’ also.

1. **‘‘Fraud or improper conduct:’’**

   In these countries like UK, India and in USA, ‘‘the court can lift the corporate veil’’ ‘‘in the case of the fraud’’ as an exception. When ‘‘the members or directors’’, ‘‘shareholders, of the company’’ are doing fraud and breach any ‘‘legal obligation of the company’’, in that condition the court can ‘‘lifting the corporate veil’’ and can hold those persons personally liable for that offence.

2. **‘‘Agency principle**:’’

   In these jurisdictions like UK, India and USA ‘‘when a company is acting as an agent of its shareholders’’ or ‘‘its parent company,’’ in that situation ‘‘the shareholders’’ of ‘‘the company utilize the company for doing fraud’’ or any other ‘‘illegal activities.’’

1.12 It will be used as a last resort:

In the jurisdiction in UK, India and in the USA this ‘‘concept of lifting the corporate veil’’ concept will be used by the court as a last resort. In any types of circumstances of any case, the court will always not apply this ‘‘concept of lifting the corporate veil’’. ‘‘In the situation’’ in which the clear justification has proved by the plaintiff, then Judiciary can use the ‘‘doctrine of lifting the corporate veil’’ concept and hold ‘‘the wrongdoer.’’

- ‘‘Case Laws:’’

  ‘‘In the case of **Salomon v. A. Salomon & Co. Ltd(1897**)’’ and in the new judgement of ‘‘the UK’s court’’ in ‘‘**Prest v. Petrodel Resources Ltd(2013)**,’’ these case laws also said that the ‘‘lifting of the corporate veil doctrine’’ will be use by the court as a remedy of last resort only, when there

is present the clear evidence of justification in that situation ‘‘the court’’ may only use the ‘‘doctrine of lifting the corporate veil concept.’’[50]

- **Difference:**

1.13 Statutory differences:

- In the ‘‘UK’s Companies Act 2006,’’ does not explain the properly the certain ‘‘grounds for the lifting of the corporate veil doctrine.’’ ‘‘In the UK’’ normally this concept is developed from ‘‘Salomon’’ case first and after that different judicial interpretations are present from which this concept is still developed.

- On the other side in India, there is present the ‘‘Indian Companies Act 2013,’’ in this Act we get the certain proper explanation of the grounds for the ‘‘lifting of the corporate veil.’’ ‘‘In India’’ in most of the cases, Indian Judiciary mostly applying this doctrine where the fraud or sham company or improper conduct is present.

- Other side in the USA, in a same way there is no present certain codified statutory grounds like India for the ‘‘lifting of the corporate veil.’’
  ‘‘The concept of piercing the corporate veil’’ in USA is mainly depends upon these difference judicial decisions.

  ‘‘In USA the court’’ generally ‘‘lifted the corporate curtain’’ in the situation whether ‘‘the parent company’’ is taken extreme dominance above ‘‘the subsidiary’’ and doing illegal activities, fraudulent and improper misconduct,

[50] ‘’Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).’’

which caused to an injustice. ‘‘The lifting the corporate veil’’ is generally related with the committing intentionally act of wrongdoing such as fraud, but many other consequences which makes the injustice, in those circumstances court may use the ‘‘lifting of the corporate veil concept’’. In the US the idea of ‘‘piercing the corporate veil’’ is different in state to state, these are under following:

- **Florida**:

  There are present two things under which the Judiciary can ‘‘pierce the corporate veil’’:

  1. ‘‘The concerned corporation’’ acts merely serving as representative of the parent company or its shareholders and doing illegal activities, wrongdoing etc.

2. The parent company or its shareholders were also involved in the wrongful or unethical actions.

- **Alaska:**

  The courts of Alaska used two tests in which cases this concept will be applicable these are under following:

  1. **‘‘Disjunctive test:’’**

     In the case ‘‘extreme control’’ or ‘‘corporate wrongdoing’’ needs to be proved ‘‘for the court to lifting the veil.’’

  2. **‘‘Conjunctive test:’’**

     In ‘‘both extreme control’’ and ‘‘corporate wrongdoing’’ needs to be present there ‘‘to lift the corporate curtain’’.

     In the ‘‘New York, **Walkovsky v. Carlton** (1966)’’ is an important case on ‘‘lifting the corporate curtain’’. The court in this case observed that a plaintiff must confirm that a shareholder utilized the company as his agent to conduct business in an individual capacity. ‘‘A court will

lifting the corporate veil'' when it discovers that the company is ''an agent'' of its ''shareholder,'' and ''will hold the principal vicariously liable'' and uses the corporation for improper conduct.

In USA, this doctrine used in broader sense than the majority of common law jurisdictions. The United States are more progressive in their method of ''application of the corporate curtain doctrine'' and ignoring the ''separate corporate identity.''[51]

1.14 Judicial interpretation approach:

- In the UK, though there is present the ''Companies Act 2006'', but ''the idea of piercing the corporate veil'' is built in UK specially from case studies.

- Other side in India, there is present the strong ''statutory grounds for the lifting the corporate curtain'' under ''Indian Companies Act 2013'', such as under section 447,448 of this Act which said about the fraud and misrepresentation. The concept of this doctrine is mainly developed from those grounds of this Act. In India this concept is not developed specially from the case laws.

- But in USA, ''this idea of piercing the corporate veil'' is developed specially from different judicial pronouncement of the US's courts.[52]

[51] ''Akash Ramdas Nikam, *Lifting of Corporate Veil: A Tool to Curb Corporate Abuse*, 3 INDIAN J.L. & LEGAL RSCH. 1 (October-November 2021).''

[52] ''Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).''

1.15 ‘‘Role of public interest in corporate veil’’:

- When the UK’s courts are applying ‘‘the idea of piercing the corporate veil’’ then the judges of this jurisdiction always keep in mind and give the decisions for the welfare or ‘‘the benefits of the shareholders’’ and ‘‘creditors,’’ not the interest for the public at large or the society at large.

- But in India, whether the Indian courts are applying this doctrine, then the judges of the Indian courts always keep in mind the public interest concept and give the decisions for the benefit of the society at large. In India the application of this doctrine is broader in nature.

  In the one of the landmark judgements ‘‘**Life Insurance Corporation of India v. Escorts Ltd AIR(1986**),’’ Justice O. Chinnappa Reddy observed in that particular case the corporate curtain will be piercing in that case, there is present ‘‘the public policy and the parties are injured.’’[53]

  ‘‘In the other case of **State of U.P. V. Renusagar Power Co. and others**,’’ Judiciary had given the judgement keep in mind the socio-economic objectives.

- But In USA, there is no concept present like India, that the courts of the US will always give the decisions for the benefits of the public at large or for the public interest.

[53] ‘‘Akash Ramdas Nikam, *Lifting of Corporate Veil: A Tool to Curb Corporate Abuse*, 3 INDIAN J.L. & LEGAL RSCH. 1 (October-November 2021).’’

1.16 Flexibility and Rigidity in application:

- In the UK, the judges can apply this doctrine beyond the statutory application, there is no present certain limitation on it. So, it is more flexible than India.

- In the India, while applying this concept by the judges of the Indian courts, then always keep in mind the strictly follow those statutory grounds, which are present under the ‘‘Companies Act 2013.’’ So, In India this concept is rigid than UK and USA, here limiting the judge’s power while applying this doctrine.

- But in USA, like UK, the judges are free in their discretionary power, can use this doctrine more flexible way when they are applying this doctrine. But the application of this concept will be use as a last resort only.[54]

1.17 On the grounds from the statistical data ‘‘on lifting of the corporate veil’’:

- In the ‘‘UK’’ and India there are no present any empirical studies on the ‘‘lifting of the corporate veil doctrine’’ with any permanent statistical data.
- In the ‘‘UK’’ after the ‘‘**Adams v. Cape Industries plc [1990] Ch 433’’**, in that particular ‘‘case the English court of appeal’’ was held that applicability of this doctrine will be use very carefully way and also abolished ‘‘the veil lifting in the tort cases in UK’’.

[54]‘‘ Anshu Priya Patel & Dr. Suneel Kumar, *Comparative Aspects of the Statutory Provisions Regarding Piercing of Veil*, 6 Indian J.L. & Legal Rsch., no. 2, 2025, at [first page of article], ISSN: 2582-8878 (ICFAI L. Sch., The ICFAI Univ., Dehradun).’’

- ‘‘On the other side in the United States Of America’’, is the only country, there are present the statistical data on empirical research on ‘‘the lifting of the corporate veil’’ doctrine above around ‘‘the total 1583 cases’’ in the year 1985, this legal research is done by Thompson. And from the total cases the contract claims were 779 and tort claims cases were 226 cases. So, we can see that the contract claim cases is 42% and it is more than tort claim cases, that is only the 31%.[55]

1.18 On the basis of fraud & misrepresentation:

- In the USA Professor Thompson observed through the legal research ‘‘U.S courts’’ had lifted ‘‘the curtain in 94% of the cases’’ there is present the ‘‘misrepresentation’’ and the courts of the US refused of ‘‘lifting the corporate veil’’ ‘‘in the 92% of the cases,’’ there is no present the misrepresentation. So, we can see ‘‘the courts of the US generally piercing the corporate veil’’ more ‘‘in the cases of misrepresentation’’ than ‘‘fraud cases.’’

- On the other hand, the UK’s court generally ‘‘lifted the corporate veil’’ ‘‘in the cases of fraud,’’ when they found ‘‘the fraud’’ is present in any particular case and the plaintiff proved that the defendant committed fraud. In ‘‘**re Darby, Brougham, (1856)’’** is one of the important case which is relating to fraud case in the UK.

- But in India, there is no appropriate data present which will prove the Indian ‘‘courts lifted the veil’’ in many times in the cases of fraud or

[55] ‘‘Lavanaya Ambalkar, *Corporate Veil Lifting: Issues and Solutions and Public Policy as a Ground; Tracing the Indian, English and American Jurisprudence*, 22 SUPREMO AMICUS [239] (2020)’’.

misrepresentation. Though under ‘‘Indian Companies Act 2013,’’ the fraud and misrepresentation both are the strong grounds for the ‘‘lifting of the corporate veil.’’[56]

1.19 On the basis of application of ‘‘the Single Economic Unit Theory’’:

- This ‘‘Single Economic Unit Theory’’ was first emerged in the England from the very important judgement delivered by the Lord Denning in D.H.N case, ‘‘(**DHN Food Distributors Ltd v Tower Hamlets London Borough Council [1976] 1 WLR 852).’’** But unfortunate, he did not give any proper explanation of it and he failed to give the certain application of this theory in which circumstances, and when this theory will be not applicable in which situation.

  According to this theory ‘‘the parent and subsidiaries’’ ‘‘companies will be consider as single entity,’’ whether either subsidiaries or the parent company is doing any wrongful activities then, they both will be liable vicariously for their actions, the court will treat them as a single organization.[57]

- But in USA, Professor Thompson observed that US courts used this ‘‘doctrine of lifting the corporate veil’’ in more in individual shareholder cases rather than the corporate shareholder. In many cases US courts did not apply this ‘‘single economic unit theory.’’

- Other side in India though this ‘‘concept of lifting the corporate veil’’ came from the UK’s ‘‘corporate veil’’ concept, but the Indian courts does not accept this ‘‘single economic unit theory’’ while they are applying the piercing the corporate curtain doctrine.

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[56] ‘‘Thomas K. Cheng, *The Corporate Veil Doctrine Revisited: A Comparative Study of the English and the U.S. Corporate Veil Doctrines,* 34 B. C. INT'l & COMP. L. REV. 329 (Spring 2011).’’

[57] ‘‘Thomas K. Cheng, *The Corporate Veil Doctrine Revisited: A Comparative Study of the English and the U.S. Corporate Veil Doctrines,* 34 B. C. INT'l & COMP. L. REV. 329 (Spring 2011).’’

- In Indian courts generally apply this ‘‘doctrine in the cases of fraud’’, evasion of tax or any statutory provisions, or ‘‘the alter ego principle.’’ And in the case of ‘‘**Balwant Rai Saluja V. Air India Ltd(2014)**,’’ the Supreme court said that the ‘‘single economic unit theory’’ is not a proper reason for the ‘‘piercing of the corporate veil’’.

  In India ‘‘normally piercing the corporate veil’’ concept is used in unusual cases, ‘‘where the prosecution in criminal cases’’ and the plaintiff in civil suits claim near the court for the ‘‘lifting of the corporate veil.’’[58]

- **CONCLUSION:**

  We can see in these jurisdictions the similarities as well as the differences of ‘‘lifting of the corporate curtain’’ idea is present. We also see that in India there is present proper statutory provisions under Companies Act 2013 and in UK also present the Companies Act 2006 also, but in USA there is no present any particular proper statutory provisions for lifting of the corporate veil, there is present different corporate laws in state to state.

  Generally, the lifting of the corporate curtain concept is much more developed in USA, UK as well as in India through the various case law analysis by the courts. In US courts apply this doctrine in much more widder than the UK and India. In the US there is no limitation present upon the judges while they are applying this doctrine, but in India and UK the judges are more concern and they have certain limitation while they are applying this doctrine. We observed from the above comparison that US and UK courts are applying this concept is more flexibility way than Indian courts. Indian courts are still inflexible while application of this doctrine. Where Indian judiciary apply this doctrine for the welfare for the public interest also but in US and the UK did not apply this doctrine for the benefit

[58] ‘‘Thomas K. Cheng, *The Corporate Veil Doctrine Revisited: A Comparative Study of the English and the U.S. Corporate Veil Doctrines*, 34 B. C. INT'l & COMP. L. REV. 329 (Spring 2011).’’

of their public, they applied this doctrine only for the exceptional circumstances such as fraud, evasions, alter ego, undercapitalization etc. We can conclude through saying the last line when these above jurisdictions will apply this doctrine in any case then they have to be always kept in mind this doctrine will be use as a ‘‘last resort only.’’

- **3.20 ‘‘Recent Judicial precedents and trends of’’ the ‘‘lifting of the corporate veil’’ in ‘‘India’’ and in the other jurisdictions specially in ‘‘UK, USA’’:**

- **3.21 Introduction:**

With the development in the field of corporate law now this doctrine's application is much more development in those jurisdictions such as specially in India, UK and US as well. The judges of this jurisdiction applied this doctrine in a new way. In the previous time the judges only apply this doctrine only for the certain exceptional circumstances specially in the case of fraud, they follow the old concept of ‘‘Salomon case’’, ‘‘Jones v. Lipman’’ case, etc. But now recent time judges apply this doctrine specially in the various circumstances such as environment pollution, for public interest and the other situation also. Indian court in recent time decides that it is important to recognize that the corporate curtain doctrine cannot be used randomly and is enforced with careful consideration.

The recent judicial precedents relating to ‘‘lifting of corporate veil’’ are under following:

1. **‘‘Corporate veil doctrine should be applied as a last resort’’ and should be use as a carefully**:
   In modern times the judges are more Cautious when apply this doctrine in the cases. There are present different number of case laws which said this will be use as a last resort and it will be use in very carefully way in each case.

- **Case laws:**

- **‘‘Prest v. Petrodel Resources Ltd(2013):’’**

  It is a leading case relating ‘‘to veil lifting’’ case in ‘‘UK’’. ‘‘The UK Supreme court’’ generally refused to ‘‘lifting the corporate veil’’ in the case where the case is related to divorce proceedings, there Mr. Prest possessed companies holding various properties.

  His Ex -wife demand before the court to transfer those properties in to her account as a divorce settlement and also demand the companies were merely his ‘‘alter ego.’’ The Judiciary did not use ‘‘the lifting of the corporate veil’’ doctrine here and also said the properties are belonging to trust for that reason the beneficiary of that property will be Mr. Prest. And Supreme Court of UK also declared ‘‘that the piercing the corporate veil doctrine’’ must be use in exceptional situations only.[59]

2. **Application of this doctrine specially in fraudulent activities:**

   The previous case studies and now the recent case laws confirmed that the use of this doctrine by the courts in the different jurisdiction in case of ‘‘fraud as a special reason for piercing the corporate veil.’’

   - **Case laws:**

   - **‘‘HDFC Bank Ltd V. Resurgere mines and Minerals India Ltd.(2022):’’**

[59] ‘’Kapeesh Law Chambers, *KLCBLOG: Corporate Veil – Court Precedents & Judgments*, KAPEESH LAW CHAMBERS (Sept. 2024), https://kapeeshlawchambers.blogspot.com/2024/09/klcblog-corporate-veil-court-precendents-judgments.html.’’

It is the one of ‘‘the recent judgement of the Bombay High Court.’’ In this case is connecting to fraudulent loan activities by the ‘‘Resurgere Mines.’’ The court used the ‘‘lifting of the corporate curtain’’ doctrine, find the ‘‘Resurgere Mine’s’’ director are personally liable for fraudulent activities for non - paying debts.[60]

This judgement one more time confirmed that there will be no misuse of the corporate structure for their own benefit, in that situation the court will always apply this doctrine and hold the wrongdoer.

- **‘‘Bank of Baroda V. The Official Liquidator of Shree shakti Mills Ltd.(2021):’’**

  ‘‘In that case the Apex Court of India’’ observed[61] that ‘‘the Shree Shakti Mill Ltd’’ is personally liable for committing fraudulent misconduct. And in this case court also use ‘‘the doctrine of piercing the corporate veil’’ and give the judgement for the benefit ‘‘of the Bank of Baroda’s creditor.’’ The directors of the official Liquidator of Shree shakti Mills Ltd, are personally responsible for the conducting ‘‘fraudulent activities’’ for their own benefit in the name of the company.
  So, this is the now another important judgement ‘‘of piercing the corporate veil in the case of fraud.’’

3. **There must be prove the injustice and wrongdoing**:

For the application of this doctrine there must be prove the injustice and wrongdoing is present in that case, the recent judicial interpretations also said that.

[60] ‘’Kapeesh Law Chambers, *KLCBLOG: Corporate Veil – Court Precedents & Judgments*, KAPEESH LAW CHAMBERS (Sept. 2024), https://kapeeshlawchambers.blogspot.com/2024/09/klcblog-corporate-veil-court-precendents-judgments.html.’’

[61]‘’ Kapeesh Law Chambers, *KLCBLOG: Corporate Veil – Court Precedents & Judgments*, KAPEESH LAW CHAMBERS (Sept. 2024), https://kapeeshlawchambers.blogspot.com/2024/09/klcblog-corporate-veil-court-precendents-judgments.html.’’

- **Case laws:**

- **In ‘‘VTC Telecom V. Office Of Communications (2020):’’**

The UK High Court[62] observed that for using of this doctrine there will be must prove the wrongdoing or other injustice present in the case.

Indian court in recent time decides that is very vital to recognize that the ‘‘corporate veil doctrine’’ cannot be used randomly and is enforced with careful and consideration.

In the recent times the environmental violation and protection ‘‘of the public policy’’ is now the new reason for ‘‘lifting of the corporate curtain.’’

4. **‘‘The application of this doctrine by the court in the case of Environmental damage’’:**

In ‘‘India’’ the recent judicial pronouncement also said the use of this doctrine will be applicable in the case of there is present environment damage and which also injured the public interest also.

- **Case laws:**

- **In ‘‘Kapila Hingorani V. State of Bihar ,(AIR online 2003 SC 221):’’**

‘‘The Supreme court’’ observed using the ‘‘doctrine of piercing the corporate veil’’ and said that director and ‘‘the real owners of the

[62] ‘’Kapeesh Law Chambers, *KLCBLOG: Corporate Veil – Court Precedents & Judgments*, KAPEESH LAW CHAMBERS (Sept. 2024), https://kapeeshlawchambers.blogspot.com/2024/09/klcblog-corporate-veil-court-precendents-judgments.html.’’

corporation'' are liable for environmental violations and ordered them to pay the compensation for the environmental damage.[63]

5. The use of this doctrine for the tax evasion cases:

The Court specially in India and the other jurisdiction also applied this doctrine for the benefit of the Government where there is present any statutory or tax evasion cases.

- **Case laws:**

- **''Vodafone International Holdings B.V. V. Union Of India and Another,(SC2012):''**

  It was declared in this case the ''Vodafone company'' which was situated in Netherland and controlled by Hutchinson a company based in Hong Kong, which had control over CGP (A company from cayman Islands) investments, which owned a 67% of stake in Hutchison – Essar Ltd, Hutchison's mobile tele communications venture in India.

  ''The Indian Income Tax Department'' claimed that Hutchison had earned ''capital gains in India'' through the transaction, and thus Vodafone was liable to deduct and remit taxes. They claimed Vodafone should pay total 110 billion rupees as withholding tax.

  At first time ''Bombay High court'' said for the benefit of ''the tax authorities'', supporting their stand.

  Vodafone challenged this decision before ''the supreme court of India'' and ''Supreme court'' gave decisions for the benefit of the Vodafone and

[63] ''Jusscriptum Law, *Lifting of the Corporate Veil in Companies in India*, JUSSCRIPTUM LAW (n.d.)Available at:https://www.jusscriptumlaw.com/post/lifting-of-the-corporate-veil-in-companies-in-india.''

gave the clear idea of a cross -border transactions and the evasion of tax issues.[64]

6. **For ‘‘the benefit of the public interest’’**:

In Indian courts specially applied this doctrine for the benefit of the public at large or ‘‘for the good of the public policy’’, the recent judicial interpretations also support that.

- **Case laws:**

- **In ‘‘State of Rajasthan and Ors. V. Gotan Lime Stone Khanji Udyog Pvt. Ltd. And Ors.(2016),(SC0058):’’**

‘‘The Supreme court’’ of India ‘‘Piercing the corporate veil’’ for the benefit of ‘‘public interest’’ and noticed in this situation the holder of the corporation was making a third party mining lease transaction without proper statutory consent and make it divided into two transactions, at first they changed the partnership into a company and after that sale the whole shareholding to other company. This transaction of the mining lease that is illegal.[65]

7. **‘‘Arbitral tribunal has the power to lift the corporate veil’’:**

In some Indian court’s Judgements supports the Arbitral tribunal can pierce the ‘‘corporate veil’’ in some certain circumstances like where the fraud involve. There present other judgement also which said ‘‘the Arbitral tribunal’’ has no power to ‘‘pierce the corporate veil’’ in any situation.

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[64] ‘’*Pardey ke Peechey kya hai: A Comprehensive Analysis of the Evolution of the Corporate Veil Doctrine in India*, MANUPATRA (n.d.)Available at:https://articles.manupatra.com/article-details/Pardey-ke-Peechey-kya-hai-A-Comprehensive-Analysis-of-the-Evolution-of-the-Corporate-Veil-Doctrine-in-India’’.

[65] ‘’*Pardey ke Peechey kya hai: A Comprehensive Analysis of the Evolution of the Corporate Veil Doctrine in India*, MANUPATRA (n.d.) Available at:https://articles.manupatra.com/article-details/Pardey-ke-Peechey-kya-hai-A-Comprehensive-Analysis-of-the-Evolution-of-the-Corporate-Veil-Doctrine-in-India’’.

- **Case laws:**

- **‘‘IMC Ltd V. Board Of trustees of Deendayal(2018)(GJ1010**):’’

  The Gujarat High Court observed, in case there is present the doctrine of alter ego, which means in a company is being misused by the directors or shareholders of that company for doing their fraudulent illegal activities, in that situation the arbitral tribunals have the power to pierce the corporate veil, and hold those persons for committing wrongful act.[66]

8. Company and its members are liable for criminal activities:

When the company and its members are doing criminal activities then in that situation they are liable for their criminal activities under N.I Act 1881 and will get the punishment as per the N.I Act 1881.

- **Case laws:**

- **‘‘Aneeta Hada and Ors V. God father Travels(SC/0335)(2012):’’**

  It was declared by the ‘‘Supreme court’’ when the corporation’s members are doing criminal activities , then the court can apply the doctrine of alter ego principle and charged those persons for the criminal liabilities under the ‘‘sec.141’’ of the ‘‘Negotiable Instrument Act,1881’’(N.I Act1881) which said the offences by the companies which means the company as well as the persons whose are controlling that company both are liable for committing criminal activities along with ‘‘Sec.138 of N.I Act 1881’’.[67]

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[66] ‘’*Pardey ke Peechey kya hai: A Comprehensive Analysis of the Evolution of the Corporate Veil Doctrine in India*, MANUPATRA (n.d.)Available at:https://articles.manupatra.com/article-details/Pardey-ke-Peechey-kya-hai-A-Comprehensive-Analysis-of-the-Evolution-of-the-Corporate-Veil-Doctrine-in-India.’’

[67] ‘’*Pardey ke Peechey kya hai: A Comprehensive Analysis of the Evolution of the Corporate Veil Doctrine in India*, MANUPATRA (n.d.) Available at: https://articles.manupatra.com/article-details/Pardey-ke-Peechey-kya-hai-A-Comprehensive-Analysis-of-the-Evolution-of-the-Corporate-Veil-Doctrine-in-India.’’

9. **The UK court reject the ‘‘public policy’’ as a reason of ‘‘lifting the corporate veil**:’’

In the recent time judicial interpretations of the UK courts declared that the ‘‘public interest’’ will not act as a separate reason for the ‘‘piercing of the corporate veil.’’

- **Case laws:**

- **‘‘Ben Hashem V. Ali Shayif (2008) EWHC 2380(FAM):’’**

‘‘In that case the UK High Court’’ said that there will not be apply the ‘‘lifting of the corporate veil doctrine’’ in each and every case unless there is an actual need for the ‘‘veil piercing’’ and also said that there will be no ‘‘piercing of the corporate curtain’’ in ‘‘the case of public interest as a separate ground’’.

As well as also said the public interest is not a separate reason in England for ‘‘piercing the corporate veil’’.[68]

3.22 Recent advancement in ‘‘the doctrine of piercing the corporate veil:’’

1. The recent development in the doctrine of ‘‘piercing the corporate veil’’ in the courts of the different jurisdiction like in UK, USA, and in India and other developed countries applied this doctrine and retain the parent company is personally responsible for their operation upon ‘‘their subsidiary companies’’, in which the parent company is taking absolutely domain over the subsidiaries company’s actions, that is one of the most important trends now days.

[68] ‘’Lavanaya Ambalkar, *Corporate Veil Lifting: Issues and Solutions and Public Policy as a Ground; Tracing the Indian, English and American Jurisprudence*, 22 SUPREMO AMICUS [239] (2020).’’

2. The courts also revised this ‘‘theory of corporate veil’’ in those cases, which are relating to the environmental injury, and violations of the human rights and different types of corporate fraud etc.[69]

3.23. ‘‘Concept of Reverse piercing of the corporate curtain’’:

This is also a recent new judicial trend inside the company law. It means basically the contrary of the ‘‘piercing of the corporate veil’’. Inside the ‘‘piercing of the corporate veil’’ case generally ‘‘court pierce the corporate veil’’ and to detain the wrongdoer whose are breaching the company’s rules or any obligations, or there is a prove of doing fraud behind the veil, in that situation court can use this doctrine.

On the other side the court can give the order ‘‘of reverse veil piercing’’ in that case of where the company is used by the owners for their personal gain only and it can be applied when the ‘‘owners of the corporation’’ is taken full dominion over company. In this situation of ‘‘reverse veil piercing’’ the court can disobey ‘‘the company’s’’ ‘‘separate legal identity’’ and hold a company responsible for the wrongful acts or debts of its owners. There are present two circumstances when the court can apply the ‘‘reverse piercing principle’’. Generally, when the company’s insider person such as shareholder satisfied the court to ignore ‘‘corporate separateness concept’’ for their own benefit. And other case when the outsider like creditor satisfied the court for their own benefit to access the company’s assets to satisfied their due debt which is payable by the shareholder.

[69] ‘‘Umang Sharma & Anugya Shukla, *Lifting of Corporate Veil: Recent Developments and Ways for Protection, 6 INT'l J.L. MGMT. & HUMAN*. 1375 (2023).’’

- **CONCLUSION:**

  So, these are the various ‘‘new judicial trends and new judicial precedents’’ relating ‘‘to lifting the corporate veil doctrine in India as well as in UK and USA also’’.

3.23 RESEARCH FINDINGS

1. **Common grounds in all three jurisdictions**:

   The all the three jurisdictions in UK, India and USA generally lifted the veil to protect from misuses or fraud.

2. ‘‘Separate legal personality’’ is a common doctrine of the company in these three countries.

3. The UK courts generally ‘‘pierce the veil’’ ‘‘in the case of sham companies’’, or ‘‘agency or exceptional cases,’’ in which any fraudulent conduct present.

4. The USA court are more flexible while applying this doctrine, specially, in the case of ‘‘instrumentality or alter ego doctrine’’.

5. In India use the mixed approach influenced by the UK corporate law but the Indian courts are using this doctrine with more carefully specially in the case of ‘‘fraud’’, ‘‘public policy’’ or ‘‘tax evasion’’ cases.

6. Inside the UK the ‘‘lifting of the corporate veil’’ is mostly happened through judicial cases and rarely in statutory.

   And in USA the ‘‘lifting of the corporate veil’’ is mostly depends upon the judicial interpretations. There are present different corporate laws relating to this doctrine in the different states in the US jurisdiction. And the India, ‘‘veil piercing’’ generally allowed by the statutes like ‘‘Companies Act 2013’’, in some cases of ‘‘FEMA’’ and ‘‘SEBI regulations’’ or any other grounds which is discretionary power of the courts.

3.24 CHALLENGES

The challenges of this doctrine’s application are under following:

1. **There is no specific codification for ‘‘veil lifting’**’:

   It is one of the challenges that there is no present the specific codification for the ‘‘veil lifting’’. This is totally based upon the judicial precedents, which is leading to the inconsistent application. ‘‘The piercing the veil’’ is exceptional and not the rule.

2. **High demand of evidence**:

   The courts needs for the ‘‘veil piercing’’ the specific evidence ‘‘of fraud’’, ‘‘improper conduct,’’ ‘‘tax evasion’’ or other any violation of legal obligations.

3. Judicial system preserves the ‘‘doctrine of separate legal personality’’ and ‘‘limited liability’’ principle, for that particular reason the applicability of this doctrine is unpredictable.

4. Judiciary plays an important role while applying this doctrine, which makes it unpredictable in nature.

‘‘LIFTING OF CORPORATE VEIL’’

CHAPTER 4: "CONCLUSION & SUGGESTION'':

4.1 CONCLUSION

Though as per the corporate law the corporation is consider as the ''separate lawful artificial person'' and enjoys fundamental rights like a person. And the company enjoys the rights under ''Article 21'' of the constitution as well. If a natural person's right is break, then he or she moves before the court of law. But the corporation is an unnatural person, if its right is broken, then company cannot tell itself. And the company cannot do nothing wrong because it is an artificial person, if the members and shareholders, directors of the company are not doing any wrongful act by the use of the veil of that company.

So, we can say that owners or other members of the company are doing the actual wrong by the use of the veil of any company. So, in these situations the members are not obey the corporate governance rules of the company also, for that particular reason court interfere in this matter and try to solve out the problem of that particular company.

In conclusion we can say that the curtain of the company is the unavoidable requirement for any company. Because the veil from one side the evil things and from another side is good things. The good things because the corporate curtain protects the shareholders from the liabilities of the corporation. And evil in the sense because it protects those responsibilities from being held liable. After all, even Salomon managed to avoid his debts from creditors.

The court should apply this doctrine there is a clear evasion is present and it should be applied as a last resort only. ‘‘The corporate veil’’ concept must not be applied randomly in each and every cases. It should be applied by the judges for certain necessary purpose only. Ambiguous and unsupported grounds for ‘‘lifting the corporate veil’’ should not occur by the courts.

The ‘‘USA’’ gives most flexible approach for the implementation of this doctrine, but the UK, and India there are present certain limitation and restriction while applying this doctrine. The India adopts a widder model, borrowing from the ‘‘UK and USA’’, but applying this principle in certain statutory circumstances as well as it is the discretionary power of the court as well. It recent times the ‘‘Indian courts’’ focused to ‘‘piercing the corporate veil’’ in the case of ‘‘public policy’’.

Though the ‘‘public interest’’ as a ‘‘lifting of the corporate veil’’ ground is not a fixed statutory ground for the ‘‘lifting of the corporate veil’’ within India. The area of the ‘‘public policy’’ is very bigger in nature. So, the courts should apply the ‘‘public policy’’ principle as a ground for ‘‘lifting of the corporate veil’’ in that case is present ‘‘fraud’’ or any evidence of clear evasion.

The difference judicial pronouncement in India, UK, USA also highlights the distinct legal cultures and priorities of each country. These differences emphasize distinctive legal principles and social norms which shape the implementation of company law in each country.

The United States, generally apply this doctrine in a more flexible way in those factors such as undercapitalization which means the corporation goes for insufficient money or capital to carry its business, in this situation the company that means shareholders of the corporation and the other members

of the corporation cannot repay the debts to the creditor it can be the ground for ‘‘lifting of the corporate veil’’, ignored for ‘‘corporate formalities,’’ are commonly considered. And the courts of the United States ‘‘veil lifting’’ particularly in the ‘‘tort and the contract cases’’ also. The empirical study said ‘‘the courts of United States’’ generally ‘‘pierce the corporate veil’’ in the most of the ‘‘contract’’ cases than the ‘‘tort’’ cases.

In India generally the veil piercing cases we find in the tax evasion, public interest, and to protect fraud for the public benefit and the Indian courts are less breaking the statutory grounds than the USA and UK’s jurisprudence.

To sum up, the idea of ‘‘piercing the corporate veil’’ is still changing in various jurisdictions. The USA employs a fact driven, equitable approach, India takes a middle position with a propensity ‘‘to lift the veil’’ in favour of equity and ‘‘the public good’’, while UK courts maintain a rigorous and limited application. The disparity in implementation highlights the impact of regional legal customs, judicial ideologies and socio-economic factors in those different jurisdictions.

4.2 SUGGESTION

After completing this study, following suggestions may be proposed based on the findings of this paper:

1. The ‘‘concept of separate lawful personality’’ must be respect by the companies. And the members of the company do not abuse it and they will deprive from the illegal activities behind the ‘‘separate lawful entity concept’’.

2. The courts should apply this doctrine very carefully in each case and do not use it as arbitrary.

3. **The personal and professional objectives should be different:**
   In a company the professional resources of the corporation and the personal resources of the owners or the other members will be stay in a separate manner. In that case the owners or the other members of the corporation cannot use the corporation’s assets or money for their own purpose. There will be present the separate bank account, this will help to reduce corporate fraud.

4. **Need more strong ‘‘statutory provisions’’ for the ‘‘corporate veil concept:’’**
   Mostly ‘‘the concept of lifting the corporate veil’’ is mostly depends upon the judicial decisions based. So, there is need a clear concept on it and which will be applicable for each and every irrespectively states and for breaching those laws, there will be present the strict punishment for that.

5. **Make sure you have all required papers works:**
   There will be present proper paper works for doing business in a particular country. Because this is necessary for doing any business in a particular country in a fairly manner. This necessary because to check the registration of that business and to

check the licences is appropriate or not for doing that business in that country. Because in case of enemy country like India and Pakistan, one country cannot operate its business to the other enemy country.

6. **Must obey the ‘‘corporate governance’’**:
   If in case every member of the company follows the company’s rules and obligations and they do not breach the good corporate governance rules, then in that case the corporate veil will be safe and it need not to be lift as well.

7. The Judiciary must preserve ‘‘the rights of the creditors’’ and ‘‘the minority shareholders’’ as well while applying this ‘‘doctrine of lifting of the corporate veil.’’ The court needs to use this very carefully.

8. There is a need clear statutory concept regarding the ‘‘doctrine of lifting the corporate veil’’ under corporate law and that will be applicable irrespectively in every jurisdiction. Then the courts can easily follow those statute and will determine the doctrine will be applicable or not. The judges work will be easier to apply this doctrine and they will not depend upon different judicial principles while making their judgement.

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